Nation's Business®
The Small Business Adviser

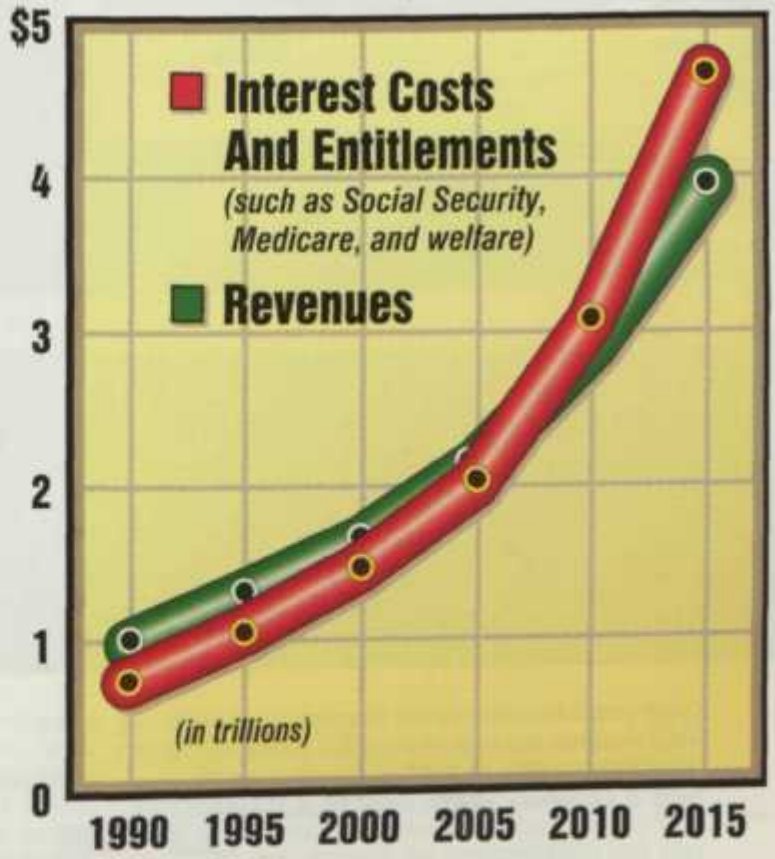
Savings Accounts For Health Care

Software That Makes Small Firms Seem Big

New Directions In Marketing

Going Broke

In just 15 years, all federal revenues will be consumed by entitlement payments and interest on the debt, leaving nothing for defense, law enforcement, or anything else. Balanced-budget advocates are battling to avert such a disaster.



JULY 1995 - $2.50
Published by U.S. Chamber of Commerce



"THERE'S NO AS SMALL

Every small business is big business in the making, and a GMC Sonoma can help ensure that a company grows, without getting in over its head.

HOW A COMPACT TRUCK PUTS IN A FULLSIZE DAY.

Like our big trucks, the boxed C-channel rails and crossmembers on Sonoma permit it to handle a lot of payload – up to 1743 pounds* of cargo. You get a choice of beds, the longest measuring 7.4 feet front to back. And all Sonoma beds are double-walled to help prevent shifting cargo from denting Sonoma's outside finish. The bed's all-weld design cleverly eliminates the chance of cargo damage from bolts and screws. Full of innovation, Sonoma is ready for a full day's work.



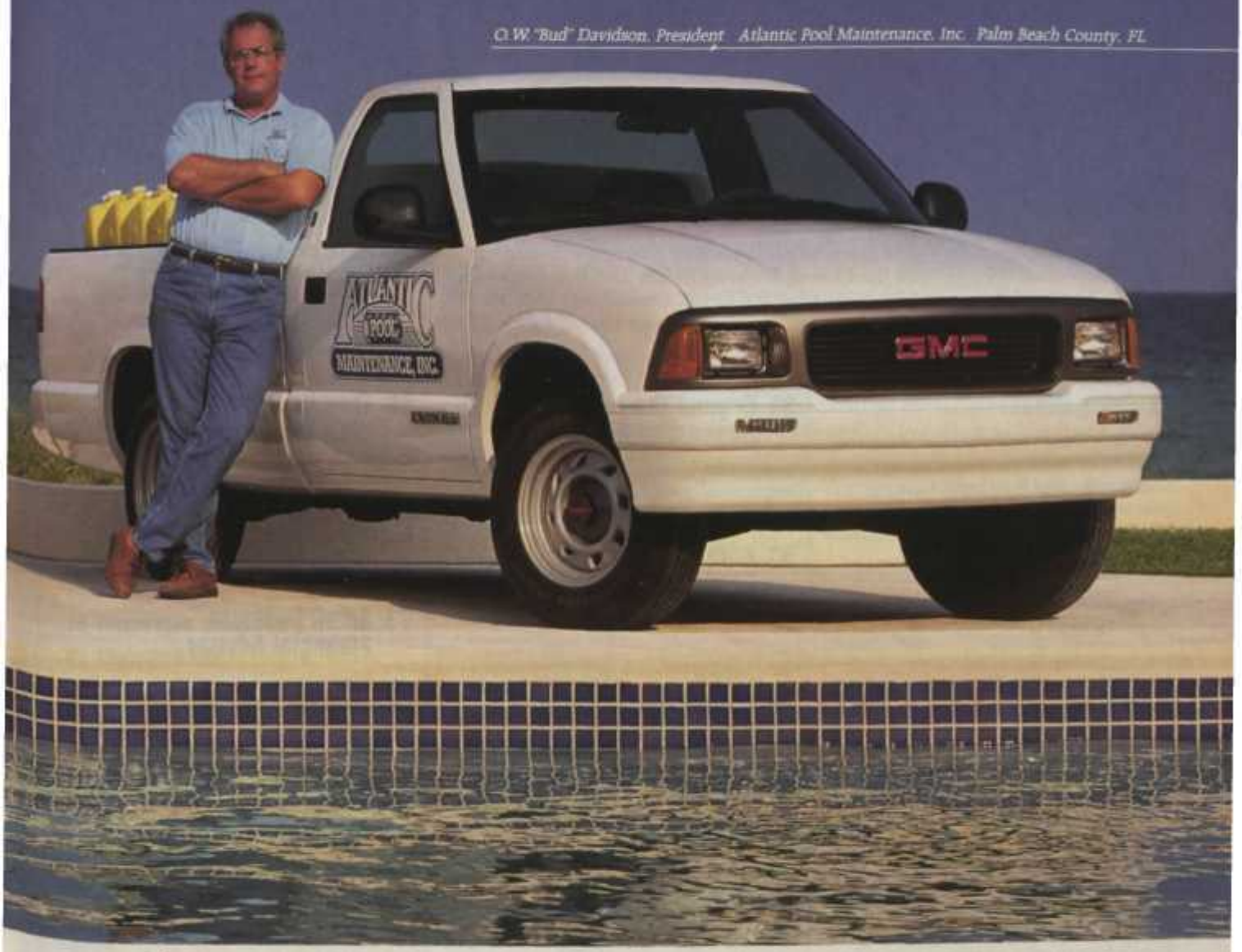
SONOMA'S BOXED FRONT END PROVIDES A FIRM FOUNDATION.

THE POWER OF CHOICE.

Somehow you always manage to pull it off. Must be the power of GMC Sonoma's standard 118 horsepower 2.2L engine. It combines the fuel efficiency of a four cylinder with 130 lbs-ft of torque off the line. Need more? Option all the way up to Sonoma's Enhanced 4.3L Vortec V6. Underfoot lie 191 horses ready to haul: that's the most available in this class of truck. There are enough big ideas in every Sonoma to fill most fullsize

SUCH THING BUSINESS."

O.W. "Bud" Davidson, President Atlantic Pool Maintenance, Inc. Palm Beach County, FL





OVER 2100 GMC TRUCK DEALERS SERVICE SONOMA NATIONWIDE

trucks, but then again, most truck companies don't have the experience of GMC Truck.

WORK GETS DONE. MONEY GETS MADE.

Bottom line. It's sink or swim. And a GMC Sonoma is smart business. Because money you're not spending is money you're saving. And nobody works harder to save you money, time and headaches than your GMC Truck dealer. If that sounds like the support your business needs, see your GMC Truck dealer for more information, or call **1-800-GMC-TRUCK (1-800-462-8782)** for a catalog.

*When properly equipped; includes weight of passengers, cargo and equipment.

©1995 GM Corp. All rights reserved. GM, GMC, GMC Truck, Sonoma and the GMC Truck logo are registered trademarks of General Motors Corporation.

Buckle Up, America!

GMC TRUCK **SONOMA**

THE STRENGTH OF EXPERIENCE

Nation's Business®

Published by U.S. Chamber of Commerce Washington, D.C.



PHOTO: JUDE MARQUETTE—WIDE WORLD

Celebrating passage *of a budget resolution to curb spending growth are Senate Republicans Judd Gregg of New Hampshire, Majority Leader Bob Dole of Kansas, Olympia Snowe of Maine, and Paul Coverdell of Georgia. Cover Story, Page 16.*



PHOTO: ESAL DIMARCO—BLACK STAR

Driving safety *is a cost-reducing priority for Thomacina Gray, Hercules, Inc., fleet administrator. Transportation, Page 38.*

COVER STORY

16 Going Broke

The stark fiscal reality that entitlements and debt interest will soon consume all federal spending is a threat to small enterprises—and is driving the historic debate in Washington over how to balance the budget.

24—What's Next On The Budget Calendar

MARKETING

25 New Directions In Marketing

Enterprise 2000: How shifts in demographics and advances in technologies are changing the ways businesses sell products and services.

FINANCE

28 Going Plastic

Here's how to gain merchant status for your small company so you can accept major credit cards.

BENEFITS

31 Building Nest Eggs For Medical Bills

Congress looks at tax-sheltered medical savings accounts as a way to cut health-care costs.

MANAGING

34 Beyond The Suggestion Box

Smart small businesses find ways to keep employees' good ideas flowing.

53 Gold From Garbage

Recycling is catching on among small and midsize firms as a cost-cutting tactic.

TRANSPORTATION

38 Getting Serious About Safe Driving

Company fleet managers are taking an assertive role in reducing accidents.

FAMILY BUSINESS

41 How To Stay In Love With Your Work

Maintaining job satisfaction; letting go of resentments; salvaging a firm amid marital discord.

ENTERPRISE

47 You Can Win For Losing

For many companies, applying to become a Blue Chip Enterprise counts as much as actually becoming one.

48—Tough Lessons The Easy Way

SOFTWARE SPECIAL REPORT

50 They Could Just As Well Be Giants

Many computer software products let firms enjoy the pluses of being small while reaping management benefits common to larger companies.

FINANCE

73 Small Business Financial Adviser

An entrepreneur's retrospect; easier stock sales; faster loan approvals; giving property to pension plans; tracking a portfolio.

WHERE I STAND

84 On Budget Changes

Your views are sought on House and Senate resolutions that call for a balanced budget, massive program eliminations and spending cuts, and a slowing of the projected rate of increase for nearly all federal programs.

POLL RESULTS

85 On Taxation

Respondents to the Where I Stand poll in the May issue want the current income-tax system replaced with one that favors savings over consumption.

VOL. 83, NO. 7



PHOTO: STUART BARTHOLOMEW

Enthusiasm *for old comic books made Robert Roter a broker for the best. Making It, Page 13.*

DEPARTMENTS

4 Letters
6 Entrepreneur's Notebook
8 Dateline: Washington
10 Managing Your Small Business
13 Making It
77 To Your Health
78 Direct Line
81 Classified Ads
86 Commentary
87 Editorial
88 Free-Spirited Enterprise

Cover Design: Hans A. Baum
Cover Chart: Michael Rook
Cover Chart Sources: Congressional Budget Office (1990-2005) and *Nation's Business* projections of spending and revenue patterns (2010-2015). Major entitlement programs are Social Security, Medicare, Medicaid, welfare, and retirement systems for federal employees and military personnel.

Nation's Business (ISSN 0028-0470) is published monthly at 1615 H Street, N.W., Washington, D.C. 20062-2000. Tel. (202) 463-5650 (editorial). Advertising sales headquarters: 711 Third Ave., New York, N.Y. 10017. Tel. (212) 370-1440. Copyright © 1995 by the United States Chamber of Commerce. All rights reserved. Subscription prices (United States and possessions): one year, $22; two years, $39; three years, $48. For Canadian and other foreign subscriptions, add $20 per year. Second class postage paid at Washington, D.C. and additional mailing offices. Canadian GST Registration # R131056195. **POSTMASTER:** Send address changes to **Nation's Business**, 4940 Nicholson Court, Kensington, Md. 20895. **To inquire about your subscription, or to make a change of address, please call 1-800-638-6167, or in Maryland, 1-800-352-1450. Photocopy Permission:** Where necessary, permission is granted by the copyright owner for those registered with the Copyright Clearance Center (CCC), 222 Rosewood Drive, Danvers, Mass. 01923, to photocopy any article herein for a flat fee of $1.50 per copy of each article. Send payment to the CCC. Copying without express permission of **Nation's Business** is prohibited. Address requests for reprints to **Nation's Business** Reprints, 1615 H Street, N.W., Washington, D.C. 20062-2000, or call 1-800-491-4336.

Printed in the U.S.A.

Editor's Note

Money Matters Close To Home



PHOTO: T. MICHAEL KEZA

"You make your bed, you lie in it," my mother always said. I think that quote reflects the sentiment many of us feel toward the federal government and its budget dilemma—how to get spending back in line with revenues after letting it spiral out of control for years. The adage, however, doesn't work well in this situation because the government is the people—which means we, the people, are going to pay the price for the failures of past Congresses to ensure that the nation lives within its means. We will pay either in higher taxes or by accepting less in services. Those are *the choices.* That is the bed.

How did we get here, and how do we get out? Our cover story this month outlines the approach being taken to this worsening problem by the new congressional leadership and the impact that proposed actions could have on small businesses. The article was written by Robert T. Gray, former editor of *Nation's Business.* He is extremely knowledgeable about federal budget trends, having followed them for years. Senior Editor David Warner and Associate Editor James Worsham, right and left, respectively, in the photograph with Gray, also contributed to this report.

We hope this story, "Going Broke," which begins on Page 16, will help clarify for all our readers why devising and implementing a solution to this critical national problem is absolutely vital now.



On Pages 47 and 48, we describe how simply applying for the annual Blue Chip Enterprise Initiative, sponsored by Connecticut Mutual Life Insurance Co., the U.S. Chamber of Commerce, and *Nation's Business,* could help you improve your business. Special Correspondent Sharon Nelton talked with leaders of numerous small companies who said it happened to them.

Enjoy the issue, and don't ever hesitate to let us know what you think—about our coverage or anything else involving you and your business.

Mary Y. McElveen
Editor

Nation's Business

Letters

The United States Chamber of Commerce, publisher of Nation's Business, is a federation of businesses, trade associations, local and state chambers, and American chambers of commerce abroad.

CHAIRMAN OF THE BOARD
Dennis W. Sheehan
PRESIDENT
Dr. Richard L. Lesher
SENIOR VICE PRESIDENT/COMMUNICATIONS
Dr. Carl Grant
VICE PRESIDENT/PUBLISHING
David A. Roe

EDITOR
Mary Y. McElveen
DEPUTY EDITORS
Albert G. Holzinger, Terence F. Shea, Roger Thompson
SPECIAL CORRESPONDENT
Sharon Nelton
SENIOR EDITORS
Joan C. Szabo, Michael Barrier,
John S. DeMott, David Warner
ASSOCIATE EDITORS
Meg Whittemore, Roberta Maynard,
Dennis Fitzgerald, James Worsham
SENIOR WRITER
Laura M. Litvan
CONTRIBUTING EDITORS
Robert T. Gray, Henry Altman, Ripley Hotch, Julie Candler,
John L. Ward, Craig E. Arnoff, Jon Pepper, Peter Weaver,
Albert B. Ellentuck, Janet L. Willen, Randy Myers,
Mary Rowland, Susan Biddle Jaffe
EDITORIAL ADMINISTRATIVE ASSISTANT
Irma N. Toliver

ART DIRECTOR
Hans A. Baum
ASSISTANT ART DIRECTOR
Alberto Pacheco
SENIOR DESIGNERS
Kathy Reuter, Kathleen Vetter, Georgia Leigh McDonald
SENIOR ARTIST
Michael Rook
PHOTO DEPARTMENT
Laurence L. Levin, photo editor
Frances Borchardt, assistant photo editor
T. Michael Keza, chief photographer
ART PRODUCTION ASSISTANT
Theodora D. Taylor

PRODUCTION DIRECTOR
Heidi Sakai Gioseffi
PRODUCTION COORDINATORS
Stephanie Jankowski, Janet M. Sappington
PRODUCTION ADMINISTRATOR
Seretha Armstrong

U.S. ADVERTISING
Pete McCutchen, marketing director
(212) 370-1440
Kathleen Brown, administrator
ADVERTISING MANAGERS
Atlanta (404) 393-0140
Rob McWalters
Chicago (312) 346-3526
Richard Knepler
Dallas (214) 387-0404
Richard Chalkley
Southfield, Mich. (810) 354-1180
Richard Topous, Michael McNew
Los Angeles (213) 651-1466
Tom Bowman
New York (212) 370-1440
Jerry V. Camporino, Neil Hanlon,
Bart McDonnell, Peter J. Riordan
San Francisco (415) 421-7456
Richard A. Sands

CLASSIFIED ADVERTISING
(202) 463-5640
Marla Schez, director
Debora A. Tydings, account executive

INTERNATIONAL MARKETING
Vico Fabricio Associates
(201) 664-7925
Fax: (201) 358-8454

CIRCULATION AND CONSUMER MARKETING
Elizabeth A. Allen, director
Lucy Oliver, circulation manager
Linda Glaser, consumer marketing manager

MARKETING COMMUNICATIONS
Janice Grossman, director
Nancy Swansen, research manager
Diane Lewis, promotion coordinator

The American Dream —Unencumbered

Regarding your May cover story, "Restoring The American Dream": Whether we can continue to enjoy the American Dream and ensure it for our children depends on how we define it. The American Dream is to become wealthy honorably and honestly *by one's own hand.* Thus, wealth is created by the acts and choices of free men and women. Unfortunately, Democratic Party leaders believe that there is only so much money,



that for someone to become rich, someone else must become poor. They believe that wealth is granted and taken away by the federal government. Thus, taxes finance "economic justice."

We who embrace the House Republicans' Contract With America, however, disagree. We have a right to earn rewards in direct proportion to how hard we work and how successfully we risk. We have a right to dream the American Dream unencumbered by the liberal left.

Lesley Stewart
Effingham, Ill.

Conference Raises Questions

There could be significant ramifications from the Conference of the States, described in "States Plan For Historic Conference," an article accompanying your May cover story, "Restoring The American Dream." As the John Birch Society pointed out in a mailing to its members, such a conference would not be merely an informal discussion of the state-federal relationship, or simply a forum on the 10th Amendment rights of the states. The conference would instead concentrate the sovereign powers of the people through their state-appointed delegates in a de facto constitutional convention. It could actually take powers away from the states.

David F. Huffman Jr.
MHC Properties, Inc.
Alexandria, La.

[Editor's Note: The Conference of the States, tentatively scheduled for Philadelphia in October, is envisioned by organizers as a bipartisan way to develop a plan to restore a balance of power between the federal government and the states. The organizers point out that the conference's resolutions wouldn't have the force of law.]

People With Disabilities Share In Company's Success

It was great to see "A 'Klutz' Who Knows Kids" [Making It, May] on Klutz Press and its founder, John Cassidy. In addition to being a creative genius and a successful business entrepreneur, Cassidy values the contributions that people with disabilities can make to society. For about 17 years, most Klutz Press products have been assembled and packaged by people who are mentally retarded or who have cerebral palsy, seizure disorders, or other developmental disabilities at Hope Rehabilitation Services' six work training centers in northern California. We are proud of our partnership with Klutz Press.

James M. Purcell, President and CEO
Hope Rehabilitation Services
Santa Clara, Calif.

Managed-Care Savings Questioned In Study

A letter from Andrea L. Vittum ["Consolidate Health Programs And Cut Insurance Costs," May] said "everyone seems to agree" that a managed-care system is the most cost-efficient. Yet an October 1993 General Accounting Office report said "little empirical evidence exists on the cost savings of managed care."

The report went on to say, "Because of the tendency of managed-care plans to attract younger and healthier employees, cost savings revealed in many studies may be attributable to employee health status rather than to cost containment."

Managed care is simply a euphemism for

rationed care. Although HMOs are enjoying their place in the sun, patients will eventually question the wisdom of rewarding HMO doctors for withholding care. The proper way to reduce health-insurance costs is to allow families to establish tax-free medical savings accounts with the same tax-free status that employer-based health insurance now enjoys.
Bruce Schlafly, M.D.
Hand Surgery Associates, P.C.
St. Louis

[Editor's Note: For more on medical savings accounts, see "Building Nest Eggs For Medical Bills," Page 31.]

The Contract With America And The Environment

Newt Gingrich promised the voters to distance himself from special interests. So we voted him into power. But instead of distancing himself from them, he embraced them. A case in point is his rush to pass the Contract With America, which would gut environmental gains and allow pollution by businesses and developers. Please be aware that most business people are responsible to our earth and want to save our environment.
Jerry Voight, Owner
Owosso Graphic Arts
Owosso, Mich.

The Government Doesn't Know Best

Regarding your April cover story, "Blockbuster Tax Reform": The very notion of taxation as a policy tool presumes that government knows best what is right for businesses and individuals. It does not. It is preposterous for an artificial entity to wrest decision making from individuals by controlling and directing wealth to serve political ends. Far more economic and social problems have been caused than have been solved through government manipulation of tax policies.
Michael R. Pfaff, President
RPM Systems Inc.
Troy, Mich.

Cut Bureaucracy And Costs

As a taxpayer, I advocate either a flat income tax with no deductions or no income tax replaced by a national sales tax. It is time to remove our current system of taxation and replace it with a flat (fair) tax. The amount of bureaucracy and associated cost eliminated would probably solve our national debt issue.
David Hedlund
Purchasing Systems & Strategies
Newnan, Ga.

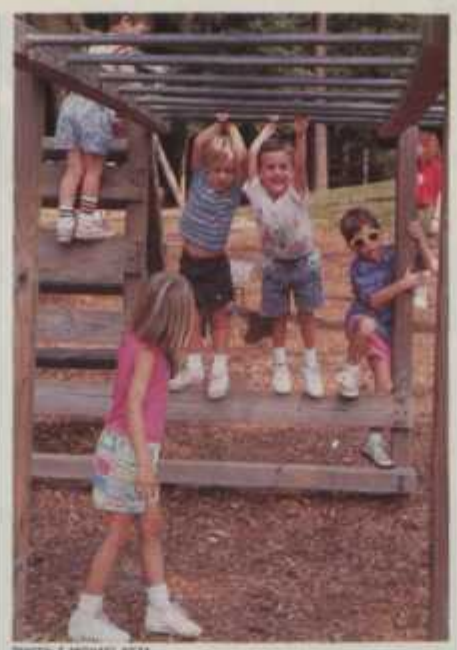


PHOTO: T. MICHAEL KEZA

The current budget debate *has a direct bearing on future generations.*

Federal Entitlements And Fiscal Child Abuse

It's claimed that cutting government entitlements would be unfair to old people. But I think it's time to be fair to our children, who are three times more likely today to live in poverty than the elderly. The culprit in such fiscal child abuse, of course, is our out-of-control entitlement programs, which suck up a major share of federal outlays. And it's not as if these entitlements really help the poor—old or young.
Dailey J. Berard, President
Universal Fabricators Inc.
New Iberia, La.

The Disabilities Act Is Simply Good Business

An article in your April issue, "Unfunded And Unloved," made reference to the Manhattan Bagel shop in Vienna, Va. As an architect with experience in the Americans with Disabilities Act (ADA) and in renovation, I was saddened to read about the problems this business encountered in converting office space into a restaurant. It is a mistake, however, to suggest that the ADA should be altered because of the problems this business incurred. Except for occasions when elevators are added or site conditions don't allow easy access, the ADA doesn't significantly add to the cost of building renovation. Most ADA adaptations make every building more usable for all its occupants. Ramps, for example, allow easier access for children in strollers and for the elderly. When you consider that some counties have a disabled population of 13 to 14 percent and that these persons are often accompanied by a spouse, a child, or a friend, serving the needs of more than 25 percent of the population is good business.
Marlene Walli Shade
Arlington, Va.

Don't Close The Courthouse

In his March letter, Bruce H. Yuille said requiring the losing party's attorney to pay the prevailing party's legal fees would have the desired effect of curtailing frivolous litigation. As a former practicing attorney (mostly defending in civil cases), I well appreciate and share Mr. Yuille's concerns, but his proposal goes too far in the other direction. Many claimants would be out of luck. Finding a lawyer with the guts to put his or her own money at risk would be impossible in all but open-and-shut cases. A fairer solution would be to hold the losing party's attorney responsible for the prevailing party's legal fees upon a showing that the claim lacked either substantial factual or legal justification. It should not be the goal of tort reform to close the courthouse.
Michael Berger
Vice President, General Counsel
Ritchie Swimwear
Hialeah, Fla.

Improving The Tort System

Forcing the "English system," where the loser pays litigation expenses, upon Americans would prevent meritorious claims by poor and middle-class people. Those who do harm to others would thus have another weapon in their arsenal as risk shifts from the perpetrator to the injured person. Mr. Yuille's suggestion in his March letter that the lawyer pay the winning party's legal fees would create a conflict with his client and would only aid those with power and financial backing. What many people do not know or fail to disclose is that there are already laws on the books that sanction lawyers who file frivolous suits. There are many ways to improve the system. Honesty and fair dealing rank at the top.
John J. Jakubczyk
Jakubczyk & Saverino, P.C.
Phoenix

Send letters to Editor, Nation's Business, *1615 H Street, N.W., Washington, D.C. 20062-2000, and include your phone number. You may also fax your letter to (202) 887-3437 or transmit it to our CompuServe address: 76436,1735. Because of space limitations, we cannot print all letters received, and those selected for publication may be condensed.*

Entrepreneur's Notebook

By Mark Tanguay

Plotting A Course For Growth

Either you control events, or events control you. We founded our Chicago-based commercial real-estate leasing and management firm in 1987, and from the beginning we—my partners are Patrick Burke, Jim Kartheiser, Steven Stratton, and Tom Zumm—have been committed to taking control of our destiny. We knew we wanted to run a progressive, open-door company. And we had every intention of becoming a major player in our field.

The company, Tanguay-Burke-Stratton, has since grown to 78 employees, three office locations, and six service divisions. Our key areas of expertise include retail leasing, construction, project management, and property management. In the past 12 months, we have been responsible for more than $500 million in real-estate transactions.

Our success is in large measure a result of our approach to growth. We plan for it, nurturing the company as if it were a garden and giving the "seeds"—the clients and employees—what they need to produce.

It's easy to have a company with phenomenal revenues one year and be off by 30 percent the next—a shooting star that quickly fades. The object is to build evenly, so your company and reputation grow together.

Here are some specifics on how you can enjoy sustained growth:

■ Combine the advantages of large and small. Our goal has always been to maintain the personal relationships that make a small firm appealing but offer the planning and structure of a large company. In this way we unite professionalism with customer comfort.

■ Get your name out. We have spent a considerable amount of time cultivating an image as a polished and progressive organization. The effort has paid off, giving us higher visibility, presence, and name recognition than a firm our size might otherwise expect.

■ Lure talent. We show prospective associates that we are serious about doing big things but without the restrictive systems and structure of a large corporation. We tell them how high levels of achievement and success come more quickly with us. And we offer an environment in which an employee can chat over coffee with the company president.

■ Leave the training to somebody else. Whenever possible, hire people who are at least in the second phase of their careers. No entrepreneurial venture should spend time training people. You want associates with the skills you need.

■ Decentralize. Probably the smartest thing an entrepreneur can do is hire people who balance out his or her own strengths and weaknesses. I fully expect to reach a point where I bring in someone who takes on more of the day-to-day responsibilities so I can take the company to a different level. As you decentralize, you need capable people who have the authority to make decisions. And an employer can't be afraid of his or her people making mistakes. Employees' mistakes—when they happen—should be seen as opportunities to learn and grow.

■ Encourage review. We as a team constantly look at what we do and how we do it. We are always on the lookout for new angles or ways of serving clients. Repeat customers make a business grow. That second call is easy if you've done the first job right, so we look for ways of improving client relationships.

■ Decide, then act. When you need to do something, do it quickly and decisively. If you worry about your choice being 1,200 percent correct, you will move too late—which is a mistake in itself.

These steps can help employers give employees the opportunities they need and build strength into the organization. In this way, a company can thrive and, moreover, ensure financial security for employees and their families for years to come. NB



PHOTO: SUSAN ZICH

Real-estate executive *Mark Tanguay has watched his company become a multimillion-dollar business.*

What I Learned

Take control of your destiny. Know what kind of company you are trying to build, then plan for sustained success.

Mark Tanguay is president of Tanguay-Burke-Stratton, in Chicago. He prepared this account with Nation's Business *Contributing Editor Susan Biddle Jaffe.*

Readers with special insights on meeting the challenges of starting or running a business are invited to contribute to Entrepreneur's Notebook. Write to: Editor, Nation's Business, *1615 H Street, N.W., Washington, D.C. 20062-2000.*

It's for you! Sprint's low, flat rates for small businesses.



Thanks to Sprint Business, now the world is flat.

Introducing low, flat rates on your long distance services. That includes all your state-to-state calls, as well as Sprint 800 service, fax, cellular long distance and calling cards.

You pay the same low rate whenever you call.

Day or night. Weekdays or weekends. On the road, or at the office. Even if you spend as little as $50 a month.

Your long distance costs are simple to understand.

Our low, flat rates end the confusion of calculating your cost per minute. And it's easy to sign up. Just call now. We'll help your business do more business.

Sprint. Business

1·800·827·3700

Monthly minimums apply. ©1995 Sprint Communications Company L.P.

Dateline: Washington

Business news in brief from the nation's capital.

REGULATION

OSHA Less Likely To Inspect Typical Small Businesses

President Clinton has directed the U.S. Occupational Safety and Health Administration to change the way it selects firms for inspection. The change will make it less likely that a typical small business will be visited by an OSHA inspector.

After Sept. 1, OSHA inspectors will primarily visit companies with bad health and safety records, while relying heavily on voluntary compliance with health and safety regulations at other firms.

The president, who announced the new compliance regimen in mid-May, said the 25-year-old agency's rules had become too onerous for small-business owners. "The rules have become too complex and specific for even the most diligent employer to follow," he said.

The retooled compliance program will emulate nationally an approach inspectors have used successfully in Maine. There, OSHA inspectors used workers' compensation insurance claims to identify the 200 companies with the worst health and safety records. The firms had the choice of either working with OSHA to develop a comprehensive, in-depth safety program or facing periodic inspections. Almost all of the companies opted to develop a safety program, and they eliminated almost 100,000 hazards, according to OSHA.

The agency's new approach will also allow companies to benefit from their own safety programs. If OSHA finds that a company already has an effective safety program, the agency will inspect only for the presence of a handful of significant hazards, such as unsafe exposure to electrical equipment. For a safety program to qualify, it must include a committee structure under which workers can communicate safety concerns. In addition, a staff person must have the responsibility of identifying potential safety problems.

The announcement of the president's order coincided with growing discontent with OSHA among small-business owners and members of Congress. Entrepreneurs had become increasingly angry in recent years about the growing number and size of fines levied by OSHA even as the number of inspections declined. (See chart.)

The GOP-controlled Congress had responded to the growing criticism by challenging recent major rule-making proposals by OSHA. For example, lawmakers made it clear they were displeased with OSHA's wide-ranging proposals for combating repetitive-motion injuries and improving indoor air quality. The agency then revised the repetitive-motion rule, and the air-quality standard remains in limbo. Both houses have been considering measures to significantly scale back regulatory requirements on business. ■



FOR THE RECORD

■ **Labor Department penalties** for employers who have federal contracts of $100,000 or more and hire permanent replacements for employees striking over economic issues—such as pay—should be overturned by Congress, says the Society of Human Resource Management.

The rules, which implement an executive order issued March 8 by President Clinton, are "like pouring gasoline on labor negotiations in a federal contractor setting," says Deanna Gelak, director of congressional affairs for the society, an association of human-resources professionals that is based in Alexandria, Va.

The society and other business groups are urging Congress not to appropriate funds to enforce the regulations, which would in effect nullify them. Employer organizations are also challenging the legality of the executive order in federal court.

■ **Revisions to the 1972 Clean Water Act** that passed the House by a 240-185 vote in mid-May would scale back regulatory requirements imposed on manufacturers with water-discharge permits. The bill, among other things, would require the Environmental Protection Agency to certify that each new clean-water rule it issues "maximizes net benefits to society." The bill would also ease wetlands protections. The Senate is still working on clean-water legislation.

President Clinton has vowed to veto the House bill in an apparent attempt to encourage senators to moderate the measure.

■ **The National Taxpayers Union Foundation** and CompuServe, a major on-line information service, have developed a database to help track congressional voting records on bills and amendments that increase or reduce federal spending. To see how fiscally responsible your members of Congress are, enter the words "Go Budget" or "Go Taxpayer" from within the CompuServe service.

To join CompuServe, call 1-800-848-8990. Basic service, including access to the Taxpayers Union vote database, costs $8.95 a month. ■



"Give me a way to see problems before they become problems."



IBM Solution # 12765-N  **a.k.a. "NetFinity Systems Manager"**

Unless you possess a supernatural ability to predict the future, you may want to consider a tool that can perform that very trick. An IBM PC Server with NetFinity™ software. Its various threshold and alert functions provide constant bulletins on the status of your networked systems, reporting imminent hard disk failures, memory errors and other mayhem. Reducing downtime and payments to your friendly neighborhood psychic. NetFinity. One more reason why there is a difference."

- *Predictive Failure Analysis™ with Alert Manager*
- *NetFinity pre-installed on PC Server 320, 500 and 720*
- *Part of SystemView® family*
- *Remote Systems Manager*



- *System Information for*
- *Complies with DMI*
- *System Monitor Service*
- *Security Manager*
- *Scheduled maintenance*
- *Fax ID #2569*

FOR DETAILS ON PC SERVERS, CALL 1 800 772-2227*

IBM

IBM and SystemView are registered trademarks and NetFinity, Predictive Failure Analysis and "There is a difference" are trademarks of International Business Machines Corporation.
*In Canada, call 1 800 465-7999. ©1995 IBM Corporation.

Managing Your Small Business

Handshakes and promises; attracting talent from outside your industry; sports ties for visibility.

By Roberta Maynard

IMPORTING

An Old-Fashioned Way Of Protecting Turf

Some people still do business on a handshake, and Julius De Roma is one of them. In situations where written contracts would have been virtually impossible to obtain, informal agreements with foreign companies have enabled him to protect his turf in the U.S. market.

De Roma is owner of Hansa, a Minneapolis company that imports a few specialty items, including handmade glass jewelry from Italy and silver cigarette cases from Germany. De Roma often found that when he hooked up with large overseas companies, they would do business with him for a year or two and then bypass him and go directly to the U.S. companies, catalogs, and museums that were his customers.

He soon realized that unless he had an exclusive arrangement with his foreign suppliers, he would lose out.

Several years ago De Roma simply began asking the suppliers to stay with him, he says. "We explained that if they go directly to U.S. companies, they destroy our ability to merchandise their products."

He pointed out his expertise in strategic distribution of products and asked them to honor an exclusive arrangement. Most suppliers did so once De Roma showed he could sell a certain volume of goods.

Even though he has developed strong business relationships with these firms, De Roma knows he must rely on oral—not written—agreements. "You can't expect large firms to sign contracts agreeing to exclusivity," he says.



PHOTO: STEVE WOIT

Oral agreements *with overseas suppliers ensure a steady stream of handmade glass jewelry and other products for Minneapolis-based specialty importer Julius De Roma.*

Larry Klayman, an international attorney with the Washington, D.C., firm of Klayman & Associates, says contracts made orally are generally enforceable if they are to be carried out within a year. But it's prudent, he says, for a U.S. importer or exporter to pursue a contract in writing.

De Roma remains content doing business in an informal way. His 20-year-old company remains small—as he wants it to be. Knowing he can count on a handful of suppliers and customers means he doesn't have to seek out new ones continually. "I've found it's actually better to stay small and to do things less formally. The larger you get, the more headaches you have." ■

PROMOTION

How To Score Points With Sports Marketing

Sports teams and events may be just the ticket for a small business to accomplish a variety of goals, such as motivating or rewarding employees, entertaining clients, or spreading the company's message to a specific demographic group.

On the local level alone, there is no shortage of events that a business can sponsor. Examples include road races, community and youth leagues, and school programs.

Here, from the editors of the *Regional SportsReport* newsletter, based in Stamford, Conn., are some tips:

■ To ask about how your business can get involved, call the marketing representatives of local sports teams, leagues, and events.

■ Start small. An in-kind sponsorship, for instance, allows a business to donate T-shirts or other goods. You can always add to your promotion next year.

■ Look for affordable visibility. Signage, program advertising, radio spots, and other advertising vehicles are often available at local sporting events.

■ Create your own event. Many pro teams—and some all-sports radio stations—have alumni teams that tour for charity. Ask the team marketing rep if your customers can play against these local sports celebrities. Or arrange for a celebrity appearance at your business.

■ Offer lessons with a professional as a contest prize.

You can either plan the promotion yourself or hire an agency. If you do the latter, get a written estimate identifying all services to be performed, and ask to see copies of correspondence and proposals.

The biggest dividends are likely to come from promotions with several integrated



"The last thing I need is a computer that can't adapt itself to the future."



IBM Solution # 81061-R



a.k.a. "Flexible Architecture"

No company on earth can afford to turn its back on emerging technology. Which helps explain why IBM PCs and their SelectaBus™ architecture are so convenient. Credit our unique riser cards that offer you complete freedom to choose your desired expansion bus. Which means you can take advantage of higher-performance alternatives while saving thousands in upgrade costs. As they say in some parts of the world: "très magnifique!" SelectaBus. One more reason there is a difference."

PC 330
- SelectaBus ISA/VESA or ISA/PCI*
- Three-year warranty*



PC 350
- SelectaBus PCI/ISA or PCI/MC*
- IBM HelpWare®
- Easy Tools
- Fax ID # 1776

FOR DETAILS ON IBM PCs, CALL 1 800 772-2227*

IBM

*Available only on 486 models. *For copies of IBM's Statement of Limited Warranty, call 1 800 772-2227. Monitor stand optional. Product availability may vary. IBM and HelpWare are registered trademarks and SelectaBus and "There is a difference" are trademarks of International Business Machines Corporation. **In Canada, call 1 800 465-7999. ©1995 IBM Corporation.

elements. For example, you could sponsor a consumer contest, awarding box seats for a few games or season tickets. To promote it, you could use radio spots and an official logo. And you could save on costs by tying these elements together in a package.

For details about the *Regional SportsReport* newsletter, call (203) 325-1971. Another resource is a new book, *The Ultimate Guide To Sport Event Management & Marketing* (Irwin Professional Publishing). It shows how businesses can generate revenue in events, from company fun runs to the Olympics. The 300-page book costs $30. ■

PERSONNEL

The Benefits Of Hiring Outside Your Industry

In their quest for top-notch executive talent, firms are embracing a concept called out-of-the-box hiring, where the company chooses someone who has worked outside the firm's industry or specialty, or who has performed managerial functions quite different from those listed in the job description.

The practice is growing among companies of all sizes, according to a survey by the Association of Executive Search Consultants, in New York.

Companies most likely to benefit from this approach are those that are expanding and moving in new directions or into new markets, or those facing challenges that may require a particular kind of expertise. Examples are an airline hiring an executive with hotel-industry experience or a fast-growing manufacturer looking for someone to help position its products in the retail sector.

The trend is market-driven as well as industry-specific, says Larissa Klavins, a principal in the Chicago executive search firm of Dieckmann and Associates. As the market changes, says Klavins, companies try to analyze those changes and the way other firms have responded to them. The thinking is that an executive who has had similar experience can help lead the company through the process.

The key to hiring someone "out of the box," says Klavins, is to be sure the candidate has the fundamentals: leadership and experience running a business. "If those are in place, an executive can always learn a product or a process," she says.

Then, she adds, the company doing the hiring needs to focus on expediting the learning. It should educate the executive about the industry's customers, processes, and idiosyncrasies, and it should communicate to the organization that the executive will need information and support. Be prepared, she advises, for the possibility of some resentment caused by bringing in an "outsider." ■

TRAINING

Helping Employees Hone Their Skills

Training isn't a passing fancy at Motor Technology, Inc., a York, Pa., company that repairs electric motors. It's the principal component of a strategy that has helped this family business grow even as competitors have had to shut down.

As the industry consolidated, the company's commitment to training helped it survive, allowing it to offer the service and quality that the company found were in demand. The company's revenues last year reached $8.9 million.

Apprenticeship training was already a family tradition. The president, Thomas J. Ryan, who has 40 years of experience, had been an apprentice; so was his son Kirk, the executive vice president. Of the company's 84 employees, 29 started as apprentices.

Employee training is seen as a prerequisite to delivering excellent customer service. Continuing-education programs help reduce turnover and foster a pride in craftsmanship, says Thomas Ryan.

Cross-training, he says, keeps people interested in the work and makes them more valuable to the operation, and each worker has to know many different jobs. "What I saw years ago was that if you got good at doing one thing, you pretty much got stuck doing only that," Ryan says. "Our business is not a production line, and that benefits us and our workers. We need to do this to give the kind of service we wanted to give."

Ryan offers a few tips for others planning to start a training program:

"It's important to know what your goal is. Set down some guidelines about the different phases of work that need to be learned. Our workers' raises are based partly on [their] learning what is required; they need to know where they are going and what is being asked of them. We have found that training people is the only way to stay on top of changes in the industry." ■



PHOTO: BLAIR SEITZ

Pride in craftsmanship *is fostered by training, says Thomas J. Ryan, showing his firm's motor-repair machinery to apprentices Tyler Gross, left, and Larry MacKentire.*

NB TIPS

Vehicle Safety

A new brochure from the federal government makes it easy to compare the safety features available on vehicles in the 1995 model year, to see how each model fared in crash tests, and to find out which models are more likely to be stolen. An easy-to-read chart contains data on 185 models of cars, vans, and light trucks. To obtain a free copy of *Buying A Safer Car,* write to the Consumer Information Center, Department 501B, Pueblo, Colo. 81009.

Where Are They?

A listing of 123,000 U.S. businesses has been reconfigured into a state-by-state listing in *The National Directory of Addresses and Telephone Numbers: Geographic Edition 1995.* Each listing includes fax and toll-free numbers and addresses. Included are community-based on-line services in major metropolitan areas and electronic-mail addresses. To order, call the publisher, Omnigraphics, at 1-800-234-1340. The softcover book costs $80. NB

Making It

Growing businesses share their experiences in creating and marketing new products and services.

Dressings For Success

By Bev Farrar

While negotiating a Michigan winery sale four years ago, David Zilko and his partner, Peter Gikas, noticed that the gourmet food-and-wine market lacked some high-quality, upscale marinades. So the two, both enthusiastic after-work cooks, set out to fill that culinary void.

"We spent evenings for the next four months in our kitchens trying out oils, vinegars, and herbs," says Zilko, 32, a former commercial real-estate broker. "We came up with four outstanding marinades and designed the packaging for them. In January 1992, we sent out samples to Dayton Hudson/Marshall Field and to buyers at a dozen other major department stores."

Three weeks later, Hudson's placed an order for Honey Mustard, Garlic & Herb, Dijon, and Classic Beef marinades.

Zilko and Gikas, a 37-year-old attorney, were excited, but they had no plant to produce the product. They quickly secured space, negotiated a lease, and got health-department approval. Using a $2,500 loan obtained on a credit card, they went into production.

Six months later, the newly created firm, American Connoisseur, based in Bloomfield Hills, Mich., was ready when eight other major department stores came on board with orders. Macy's, the most prominent of the retailers, displayed the products in the window of its flagship New York City store.

How did a pair of nonfood professionals with no capital to speak of create an enterprise that reached third-year sales of $500,000? And with only three employees?

"I'd like to say we're geniuses," says Zilko, "but it was really a lot of hard work and a little dumb luck. Our good fortune included very supportive people and being in the right place at the right time with the right product."

A gift for brilliant marketing also helped. Zilko and Gikas, who share management duties, have pioneered a revolutionary marketing strategy perfectly suited to today's marketplace.

After his marinades debuted in department stores, Zilko persuaded a buyer at the QVC cable channel, which reaches 64,000 households, to try the Dijon marinade. "She loved it and put it on the air in a 45-second spot that produced $16,000 of orders," he says.

Similarly, Zilko visited the home offices of two of the major computer-information services, Prodigy and CompuServe, with products in hand. Both services agreed American Connoisseur products would be a good fit with their food-gift marketing services. The company then bought direct response advertising on the Travel Channel and T.V. Food Network.

Next, Zilko, Gikas, and another fledgling entrepreneur, Todd Rones, 24, opened a restaurant, American Connoisseur Gourmet Chicken and Salads, with a menu designed around the company's products. The restaurant clicked, providing new exposure and publicity for the products. Now the team is planning franchises.

American Connoisseur's success sprang from a few traits Zilko sees as essential for successful entrepreneurial ventures. His advice:

- Be proactive, not reactive. "Constantly try to make things happen," he says. "Do not fear trying something and not having it work; fear not trying something at all."
- Be bold. "One night I sat down and composed letters



Marinade maker *David Zilko credits success to "hard work and a little dumb luck."*

I had nothing to do with," Zilko says. Those letters prompted their recipients to open three new avenues for American Connoisseur: Gift certificates for its restaurant are now awarded to contest winners on a popular radio show. A television chef worked with the firm to develop new flavored cooking oils for pasta and salads. And the company's products may soon be sold at Detroit-area sports arenas.

■ Be a pioneer. "Any start-up venture faces stiff competition from established heavy-hitters. Thus, market niches must be found, and innovative marketing techniques must be employed. Computers and interactive television have transformed retailing," he says.

Today, as American Connoisseur enters its fourth year, its marinades, sauces, dressings, flavored cooking oils, dessert toppings, and candies are sold at department stores across the country, on television, by computer, and in several traditional Midwestern supermarket outlets.

Aggressive, innovative marketing has also made the company global—the products are now sold in German specialty shops, and talks are under way with distributors in the United Kingdom, Canada, and Japan.

Zilko attributes American Connoisseur's success to its ability to thrive at three basic functions—"generating sales, obtaining the working capital to fill the orders, and getting the product off the shelf and into consumers' hands by creating brand-name recognition. The more time you spend on these three functions, the more successful you will be." ■

Bev Farrar is a free-lance writer in East Lansing, Mich.

Up, Up — And Away!

By Michael Barrier

Robert J. Roter was a software-systems engineer in the aerospace industry for 11 years. "I really wasn't that happy with it," he says of his former career. "It wasn't something that I loved and enjoyed."

In the late '80s, as defense spending slowed—and Roter's prospects in the defense industry shrank accordingly—he began thinking about building a new career around something he *did* love and enjoy: old comic books.

How well he succeeded can be judged by the headlines he made earlier this year when his Los Angeles-based company, Pacific Comic Exchange, brokered the sale of a copy of *Action Comics* No. 1—the 1938 comic book that introduced Superman and triggered the birth of dozens of other costumed heroes. The price: $137,500 (including PCE's commission), the highest price ever paid for a comic book.

It was around the end of 1988 that Roter hit on the idea of a computerized comic-book exchange. The idea was that sellers of old comic books would submit them to the exchange, which would grade the comics' condition precisely and then list them on its own on-line service, with the seller's asking price. Potential buyers who subscribed to the on-line service could use their modems to call in, see what was listed, and make counteroffers. When negotiations between buyer and seller resulted in agreement on a price, the buyer would pay the exchange, which would collect a commission from both buyer and seller.

Roter turned to two friends, a computer scientist and a young lawyer who shared his enthusiasm for comics, to help him put a company together. PCE started operations in February 1991.

The first year—when sales volume was $30,000—"was a learning experience," Roter says. He learned, for example, that he had to offer return privileges when buyers were unhappy with the condition of a comic book—but most buyers, he adds, "are very satisfied with the grading, and the consistency." When someone submits a comic book for sale through PCE's system, Roter or Todd Reznik, his lawyer partner, examines it—wearing surgical latex gloves—and grades it according to such characteristics as rust on the staples and browning of the pages.

PCE's sales volume in 1994 was about $800,000, up from $525,000 in 1993. Roter expects that this year's volume will be "at least $1 million."

The *Action* No. 1 he sold is the third-best copy in existence, Roter believes. The very best copy, he estimates, is worth somewhere between $350,000 and $500,000. "If I was someone who had $100 million in assets," he says of the best copy of *Action* No. 1, "I'd offer [the owner] $1 million, to get it out of his hands. The idea is that you're going to own the best; and that *Action* No. 1 is not only the best copy, it's probably the premier book"—the comic book of comic books.

Roter, 41, is still a collector himself, and it's when he speaks of his current collecting choices that one can sense just how far his interest in comic books has evolved since he was first collecting them as a boy more than 30 years ago. Like any experienced business investor, Roter says: "I put money in a quality piece that's going to have high liquidity and potential for appreciation." ■



PHOTO: GRANT BARTHOLOMEW

Comic-book broker *Robert J. Roter, president of Pacific Comic Exchange, with an* Action Comics *No. 1, which recently sold for $137,500: "The idea is . . . to own the best."*

A Vintage Operation

By Cheryl Jarvis

In 1965, only its arched, underground cellars hinted at the thriving winery that was once Stone Hill. Prohibition had closed down the Hermann, Mo., operation, founded in 1847 and once the third-largest winery in the world. Cellars that once produced more than a million gallons of wine a year were sprouting mushrooms. Buildings were in disrepair, vineyards destroyed.

Sixteen miles away, Jim and Betty Held were just starting to grow grapes. When Stone Hill's owner asked if they wanted to run a winery and offered them a $1,500 loan to get started, they dug in. "It took almost two years to get rid of all the mushroom compost," says Jim, 61. Still, the Helds managed to reopen the winery the first year. In a space no bigger than 17 by 24 feet, they fermented, bottled, and sold their first 1,500 gallons of wine.

Business and family life had merged because the Helds lived on the second floor of the main building. Betty, now 58, crushed grapes, gave tours, and balanced the books—and raised four children. "I changed my clothes three times a day," she says.

The children worked alongside their parents in those days—and some still do—but that's about all that's unchanged. Last year, the Helds sold 140,000 gallons of wine, a 26 percent increase over the previous year, and had revenues of $4.7 million. "We need to slow down the increase or we'll run out of wine," says Jim. "But it's a good problem to have."

The Helds are veterans at overcoming problems. In the late '70s, American drinking habits shifted to beverages with less alcohol, and the number of California wineries quadrupled. Premium California and European wines quickly rose to market dominance while inexpensive sweet and semi-sweet wines like Stone Hill's lost market share, shelf space—and revenues.

It was time to redirect the company. Fortunately, a second generation of Helds was ready with some new ideas. Three of the Helds' four children returned to Hermann with university degrees in oenology and viticulture. They persuaded their parents to invest in new vineyards and state-of-the-art equipment to produce wines competitive in price and quality.

To accomplish that goal, "we had to grow," says Jim Held. They focused on their one advantage over the competition: their picturesque setting on a historic hilltop, 650 feet above the quaint Missouri River Valley village of Hermann, population 2,700. "Basically, we got into the tourism business," he says.

The Helds started planning festivals and celebrations with the town of Hermann, including the first Oktoberfest, which played up the town's German heritage. Today, there are special weekend events from March through December: concerts, cookouts, candlelight gourmet dinners, and an annual grape stomp.

"Even though we sell through distributors, we're a tourist winery," says Jim Held. "Sixty percent of our wines are sold to tourists." More than a half-million tourists now visit in Hermann and satellite operations in New Florence and country-music-mecca Branson, Mo.

The Helds also wanted to promote the quality of their wines and change "the perception ... that Missouri wines were no good," says Jim. They entered every contest they could, and it paid off. In the past two years, Stone Hill wine has won 318 awards in international, national, and regional competitions.

The Helds' success in rescuing and expanding Stone Hill won the company recognition earlier this year as a state honoree in the Blue Chip Enterprise Initiative, a small-business awards program sponsored by Connecticut Mutual Life Insurance Co., the U.S. Chamber of Commerce, and *Nation's Business* (see Page 47).

Jim and Betty still work full time but have passed many jobs on to their children: Jonathan, 37, is general manager; Patricia, 35, coordinates special events; and Thomas, 32, manages the plant at Branson. Daughter Julie, 30, is a New York lawyer.

Signs of growth are everywhere. A new fermentation building houses huge stainless steel tanks where enormous wooden vats once stood. A new, 8,300-square-foot pavilion features a bandstand, dance floor, deck, and seating for 500. New grape varieties dot the 76 acres of vineyards. A gourmet chef for the winery's restaurant has joined the staff, which numbers 70 full-time and 120 seasonal employees.

After reviving winemaking in Missouri—there are 30-plus wineries now—the Helds wanted time off and a place to spend it. So they moved out of the winery and into their own historic home. "It was time," says Betty. "As long as we lived in the winery, we couldn't take a day off."



PHOTO: S.JONATHAN REID

Tasting success *with their Stone Hill Winery are Betty and Jim Held, who have created international respect for wines from Missouri.*

Cheryl Jarvis is a free-lance writer in St. Louis.

COVER STORY

Going Broke

By Robert T. Gray

The United States is on a collision course with fiscal disaster.

Current spending commitments cannot be kept. Deficits are piling up at the rate of $1 trillion every five years. Interest payments on the accumulated debt are heading toward $1 billion *a day*.

Within two years, the nation will be paying as much for interest on the debt as it will be spending for national defense.

By 2010, all federal revenues will cover only the costs of entitlements, such as Social Security, Medicare, Medicaid, unemployment benefits, and federal employees' and military pensions, plus interest on the debt.

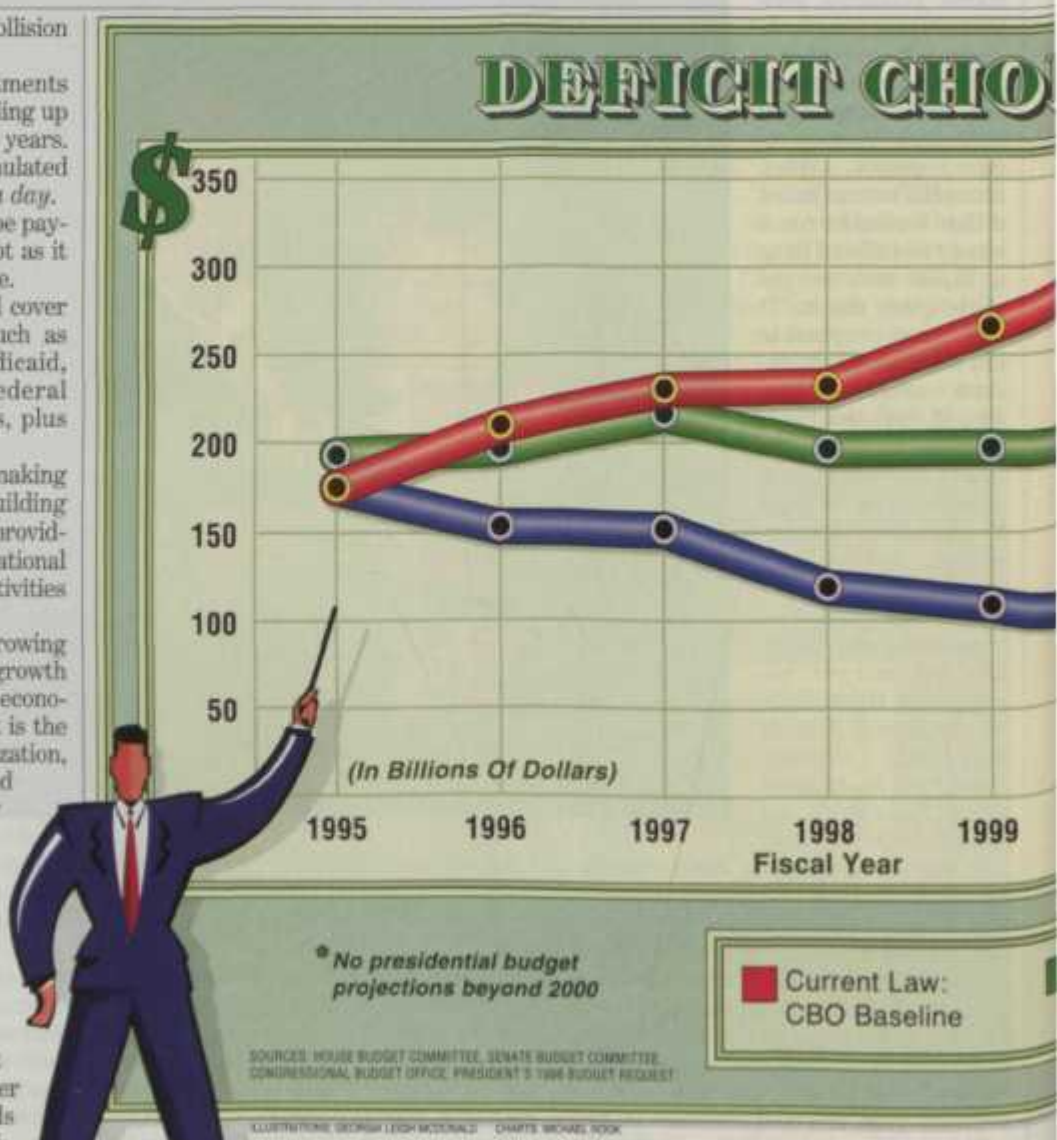
There will be nothing left for making weapons and paying soldiers, building highways, enforcing federal laws, providing aid in disasters, operating national parks, and many other federal activities that Americans take for granted.

The degree of taxation and borrowing needed to maintain the explosive growth of government would devastate the economy. Overhanging the runaway debt is the possibility of its ultimate monetization, whereby the U.S. Treasury would simply print enough money to pay it—a step that could cause ruinous inflation.

Those are the stark fiscal realities driving the historic debate now under way in Washington over the extent of the federal government's role in the lives of its citizens as a new century approaches.

The prospects of soaring interest rates, increased taxation, and higher inflation inherent in these trends pose a major threat to small businesses in their already difficult struggle to survive and grow.

Rep. John A. Boehner, chairman of the House Republican Conference and a chief strategist on gaining passage of a balanced budget, told *Nation's Business* that interest on the national debt will reach the point where "Washington will be sucking more and more dollars out of the pockets of small-business people and their customers. There is a cutoff point at which the private economy can no longer provide enough money to cover uncontrolled deficit spending."



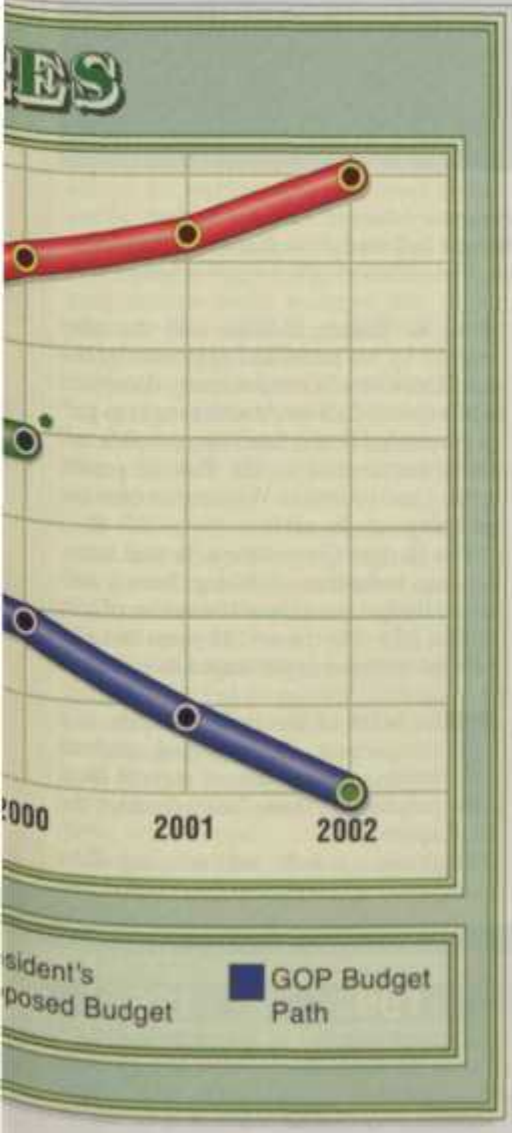
The Ohio Republican speaks from personal experience. He worked for Nucite Sales, a manufacturers' representative for packaging products, in West Chester, Ohio. Then he bought the company and ran it for more than 10 years before being elected to Congress.

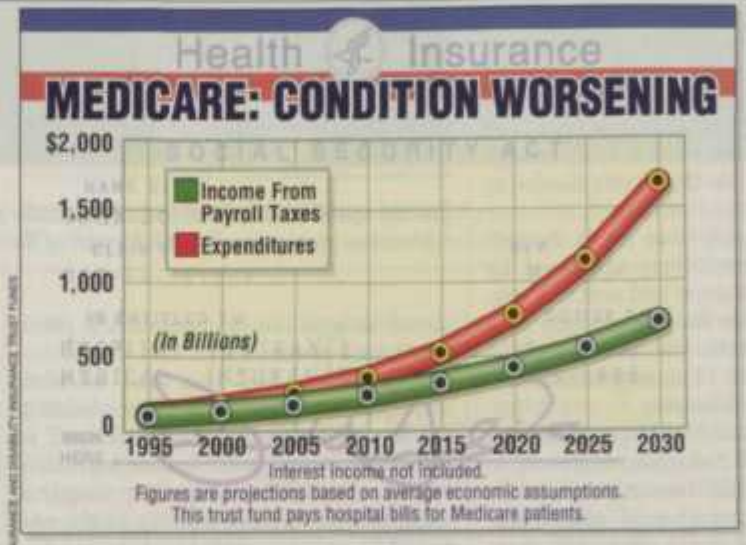
In addition to leaving more money in the private sector, achieving budget balance would "shrink the size and scope of the

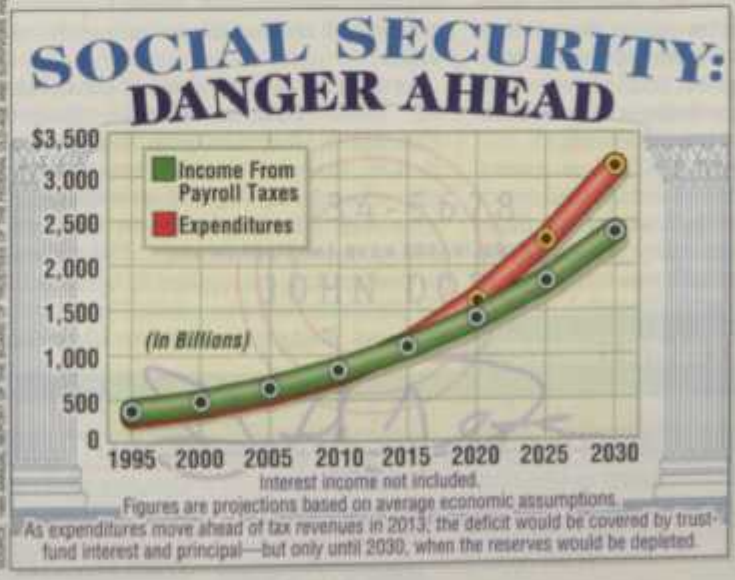
Senior Editor David Warner and Associate Editor James Worsham contributed to this report.

Small businesses are especially vulnerable to the consequences of runaway federal spending and would benefit substantially from a balanced budget.









The charts *on these pages spotlight federal budget trends that are driving the current GOP effort to achieve and maintain a balanced budget. Preserving the fiscal soundness of Medicare is an immediate problem being dealt with in the present initiative. Action on the Social Security retirement program, which is heading for a cash-flow crisis farther down the road, will be part of future efforts to keep revenues and spending in line.*

federal government," Boehner said in an interview. "That means there will be less regulation and less harassment of the small-business owners of America."

Rep. J.C. Watts, R-Okla., who came to Congress this year from the residential real-estate business, says federal financial practices of the past 40 years are "going to destroy small business" along with such programs as Social Security and Medicare.

Boehner has urged small-business people to rally behind the balanced-budget drive now under way in Congress. "Congress does whatever the American people demand—nothing less, nothing more," this Republican leader said. "This institution truly does reflect the will of the American people. If they really want to have an impact, they should contact their members of Congress through meetings or by sending personal letters themselves and encouraging their employees to do the same. They should describe how the federal government impacts on their businesses in a negative way. This can be very effective in helping members understand the true impact of what we do."

The current historic debate over eliminating red-ink spending focuses on the insistence of the Republican majorities



now controlling Congress that spending be brought within revenues by 2002 and kept there. President Clinton and congressional Democrats view that effort as an attack on social programs that their party has created and nurtured for 60 years.

The conflict, Boehner says, will set off "the mother of all battles" later this year with a clash between the congressional majorities' power to pass measures to implement the balanced-budget plan and the president's power to veto bills. The GOP majorities alone are not big enough to command the two-thirds vote needed to override a veto.

While broad goals were set in the balanced-budget resolutions approved by each house of Congress and sent to a conference committee for the crafting of a common approach, the actual battleground will be the 13 appropriations subcommittees of each house.

Those panels have the responsibility for translating deficit reduction, expressed in dollar targets in the resolutions, into the elimination or shrinking of actual programs. Many of those programs have strong constituencies within the subcommittees, their parent appropriations committees, the Congress, and in some of the private-sector organizations that are monitoring the budget process closely.

Standing between the budget resolutions already approved and the final enactment of new fiscal policies are the likely major battles over many phases of the governmental cutbacks essential to a balanced budget, not to mention the president's veto power.



PHOTO: BRAD MARKEL—GAMMA LIAISON

Current spending practices *put the nation's economic future at risk, say budget committee chairmen Pete Domenici of the Senate, left, and John Kasich of the House.*

Republicans feel that one of their strongest weapons is the overwhelming public support for a balanced budget, as shown by many polls. In the legislative battles, they are pressing their view that Congress has a responsibility to respond to public concerns that current spending policies are eroding the nation's economic future.

In opening the first phase of the debate on fiscal balance, Senate Budget Committee Chairman Pete V. Domenici, R-N.M., declared the time has come "to stop squandering our economic future. ... How will future generations view our efforts on behalf of America? Did we seek to protect it, to strengthen it, improve it? Or did we consume its vitality?"

House Budget Committee Chairman John R. Kasich, R-Ohio, said the plan crafted by his panel and approved by the full House was "a revolutionary document and a vision of where America ought to go." It responded to the American people's call for a turnaround in the flow of power, money, and control to Washington over the past 40 years, he said.

The Budget Committee says that interest-cost reductions resulting from a balanced budget would lead to creation of 4.24 million jobs over the next 10 years and a 16 percent increase in per-capita income.

The heart of the budget debate is a comparison of expected deficits under a continuation of current fiscal policies and those forecast under the GOP approach.

If present trends continue, says the Congressional Budget Office (CBO), the

Landmarks In Federal Finances

1969
Federal budget of $183.6 billion shows a $3.2 billion surplus.

National debt is $370 billion.

Mandatory spending, primarily for Social Security, interest, welfare, and federal pensions, stands at $62.2 billion, or one-third of total outlays.

1970
Deficit of $2.8 billion is the first in a string of deficits extending into the 21st century.

1975
Mandatory payments account for more than 50 percent of federal spending.

1979
Federal spending passes the $500 billion mark

1982
Gross national debt exceeds $1 trillion.

1986
Debt exceeds $2 trillion.

1987
Spending moves past the $1 trillion level.

1990
Spending on entitlement programs for individuals exceeds outlays for general government activities.

Debt increases to more than $3 trillion.

1992
Debt increases to more than $4 trillion.

1993
Spending for Social Security exceeds that for national defense.

1995
Debt reaches $4.9 trillion.

1996*
Mandatory payments move past $1 trillion, accounting for two-thirds of the budget.

Debt exceeds $5 trillion.

1998
Debt grows to more than $6 trillion.

deficit in 2002 will be $349 billion, and an additional $1.6 trillion will have been added to the national debt, which would then exceed $6 trillion.

The common denominator of the House and Senate balanced-budget plans that were being merged in June into a single initiative called for a gradually dwindling deficit, with the budget being balanced in 2002. That goal would be achieved by drastically shrinking the size of the federal government.

Those resolutions called for elimination of governmental activities ranging from the obscure Crumb Rubber Mandate, which requires that crumbled scrap tires be used in asphalt, to entire departments (Commerce, Education, and Energy have been suggested). Other recommendations would slow the growth of Medicare spending to head off its impending bankruptcy and would turn funds and responsibilities for welfare programs over to the states.

As the conference committee began developing a single budget resolution that both houses could endorse, the major issues to be resolved included the extent and timing of tax relief.

The House plan called for $353 billion in tax cuts over seven years. It incorporated tax-relief legislation already approved by that chamber. Key business provisions would:

- Effectively cut the capital-gains tax rate in half by applying the applicable income-tax rate of the individual taxpayer to 50 percent of the gain instead of the current 100 percent.
- Set the maximum corporate capital-gains tax rate at 25 percent, instead of 35 percent, through use of an inflation factor in computing gain.
- Double to $35,000 the cost of new equipment that small businesses could write off each year.
- Raise to $750,000 from $600,000 the estate/gift tax exemption.



PHOTO: [illegible]

Republican plans *to cut or roll back federal programs have drawn opposition from President Clinton and congressional Democrats.*

- Allow accelerated depreciation of machinery and equipment to account for inflation.
- Repeal the alternative minimum tax.

The House tax plan also called for a $500-per-child credit for families with annual incomes under $200,000, repeal of the 1993 law that raised the maximum amount of Social Security income subject to income taxes to 85 percent from 50 percent, and additional incentives to encourage more individuals to contribute to Individual Retirement Accounts.

The Senate agreed to $170 billion in income-tax reductions provided that the Congressional Budget Office certified that the seven-year fiscal plan adopted this year would in fact balance the budget by 2002 and that sufficient dividends through lower payments on the national debt and the higher revenues flowing from an improved economy would finance the tax reduction.

The House would also be far more ambitious in wiping out major government activities; it proposed eliminating the Commerce, Education, and Energy departments along with nearly 300 agencies and programs. The Senate plan would abolish the Commerce Department and more than 100 agencies and programs.

Major reductions in the deficit would be achieved in the House measure through savings of $688 billion in Medicare, Medicaid, and other entitlements, while the Senate would curb growth of those programs by $590 billion. Each budget resolution would cut nearly $200 billion from other areas of government with additional savings through such steps as reducing the cost of interest on the national debt as deficits declined.

GOP leaders faced a major challenge in

2000
Spending exceeds $2 trillion.

2002
Medicare Part A trust fund, which finances costs of hospital, hospice, home, and nursing-facility care, goes broke.

2010
Entitlements and debt interest alone consume 100 percent of all federal revenues, leaving nothing for defense, law enforcement, or any other government functions.

2013
Social Security payments outstrip payroll-tax revenues; the deficit is covered by trust-fund interest earnings borrowed by the government.

2020
Social Security payments exceed tax and interest income; the system begins drawing down the trust fund to meet commitments.

2030
With the trust fund depleted, Social Security faces a $766 billion deficit.

** Figures beyond 1995 are projections based on current fiscal policies. Those projections will change significantly if Republican balanced-budget proposals and future initiatives promised by the GOP leadership are adopted.*



determining how to deal with Social Security and Medicare in deficit reduction. They knew that any proposals suggesting a retreat on the retirement plan would be seized upon by Democrats—backed by the politically potent lobbying organizations for senior citizens—to accuse Republicans of balancing the budget at the expense of the elderly.

Although the pension system is headed for serious financial difficulties beginning around 2010, it is now running a surplus that is applied to the annual federal deficit. Without the Social Security funds, the deficit would be higher and achieving a balanced budget by 2002 more difficult.

But Medicare, the Social Security component that finances health care for the elderly, will start going broke in fiscal 1997 and be insolvent five years later without corrective action along the lines recommended in the GOP balanced-budget strategy.

While President Clinton is heading the Democratic campaign accusing Republicans of advocating cuts in Medicare and Medicaid benefits through their plan to modify the rate of increase, he specifically endorsed that approach in his own deficit-reduction proposals in 1993. He told a meeting of the American Association of Retired Persons:

"Today, Medicare and Medicaid are going up at three times the rate of inflation. We propose to let it go up at two times the rate of inflation. That is not a ... cut. So when you hear all this business about cuts, let me caution you that is not what is going on. We are going to have an increase in Medicare and Medicaid and a reduction in the rate of growth."

Now, Medicare's looming insolvency versus the longer-range problems of the Social Security retirement system has prompted Republican congressional leaders to decide that immediate action is needed on the former but that there is sufficient time to deal with the latter as a separate issue.

GOP leaders are emphasizing that the chief goal of their Medicare proposals is to "preserve, protect, and strengthen" the program, not curb it for purposes of balancing the budget. Republicans view the plan as a short-term remedy pending development of a long-range solution.

Democrats have, as expected, used the Medicare proposals to back accusations that the Republican plan would hurt the elderly. Republicans have countered that Democrats have not offered alternative proposals to revise Medicare.



PHOTO: GERALD MARTINEZ—CAMMA LIAISON

Federal red ink, *says Federal Reserve Chairman Alan Greenspan, drains savings, raises interest rates, dampens investment, and inhibits productivity growth.*

On the overall deficit-elimination plan, the more aggressive approach taken by the House stems from its need to produce $1.04 trillion in total deficit reduction over five years, compared with the Senate's target of $961 billion. The House needs the additional resources to cover its tax-relief proposal.

A conference committee—the mechanism through which the two houses of Congress resolve differences in measures they have passed to achieve a common goal—is now working on the budget resolution. The fact that both resolutions contained tax-cut provisions, even if the Senate's was conditional, indicated that a proposal for some form of relief would appear in the final version. As in the spending proposals, however, actual legislation for cutting taxes would have to be drafted and approved by the appropriate committees—House Ways and Means and Senate Finance deal with taxation—and then by both houses of Congress.

While Republicans work out their differences on the balanced-budget plan, Democrats are pressing a counterattack they launched during the floor debate over the budget resolutions. Democrats agree that some form of deficit reduction is needed but contend that the GOP plan would penalize the poor and elderly to finance tax relief for the rich. Sen. Christopher J. Dodd of Connecticut, who is also general chairman of the Democratic National Committee, reflected his party's view when he argued in debate:

"Working Americans are going to find themselves increasingly cut off from the American dream in the year 2002 if this budget is approved. ... The well-off or the best-off in this country are going to do relatively well."

Missouri Democrat Richard A. Gephardt, House minority leader, said that "all of us believe that the budget must be brought into balance" but that Republicans are putting too much of the burden of doing so on middle-income families that "are already hard-pressed."

Rep. David E. Bonior, D-Mich., has been in the forefront of opposition to the GOP fiscal plan as House minority whip under Gephardt. But he is also on record with a view aligned squarely with that of Republicans now pressing for an end to deficits. Bonior said in a 1992 press conference: "America's deficit is deep, and it is a persistent problem. We've been refinancing the mortgage on our future for more than a decade. We need a serious approach to balancing the budget."

Similar comments have been made by many other Democratic leaders, but they have not developed a balanced-budget plan of their own, or they have not been willing to endorse the Republicans' plans. President Clinton has said he would work with Republicans toward a mutually acceptable deficit-reduction plan, but his conditions for such talks are unacceptable to the Republican leadership.

The president wants the GOP to drop

what he calls excessive tax relief for the wealthy, to agree to sweeping health-care reform measures instead of singling out Medicare, and to retain student-loan subsidies targeted for elimination.

As the controversial, complex, and frequently arcane fiscal-policy discussions continue in Washington, a lawmaker with close ties to the business community says it is important for members of Congress committed to a balanced budget to "keep the American people engaged in this" on terms important to them and "not get caught up in the process."

Republican Sen. Paul Coverdell of Georgia, a member of the Senate Small Business Committee and a longtime entrepreneur himself, said in an interview with *Nation's Business* that "Washington wonks tend to overintellectualize, to deal in murky details. They lose contact with people who don't live and breathe this sort of thing every day."

Coverdell, who ran an Atlanta marketing and insurance company for many years, says business organizations in particular "have a vital role in this historic moment, because they can serve as educators conveying the balanced-budget message in terms important to business people, to workers, and to their families.

"This generation is being called upon to step up and do the things necessary to give a healthy country to those who come next and not be the first generation in our history to hand over a nation crippled by uncontrolled spending and debt."

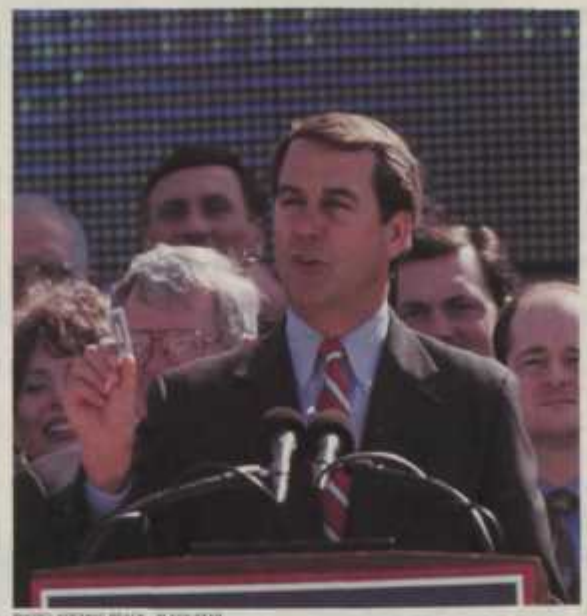


Budget director *Alice Rivlin: preparing a counterproposal.*

As for prospects of getting the GOP plan past the threat of a presidential veto, Coverdell says: "We will make our stand, and he will make his stand, and the people will decide."

Even before that point is reached, the strategy of Republicans is to compare the choices offered to the country by present policies and by their plan. Senate Budget Committee Chairman Domenici refers to the former option as "$200 billion to $300 billion deficits as far as the eye can see, a Medicaid system that will go broke in seven years, and a tax burden on America's young people just starting out in life."

Alice M. Rivlin, director of the Office of Management and Budget, says that the Domenici approach to budget balance "seems more responsible" than Kasich's because the former does not call for substantial tax cuts and additional program reductions to finance them.



There is a point *where the private economy can no longer withstand uncontrolled deficit spending, says Ohio Rep. John Boehner, chairman of the House Republican Conference.*

Nevertheless, Rivlin is heading an operation that is expected to produce an administration counterproposal to the Republican recommendations, one reflecting the president's conditions for a cooperative effort on deficit reduction.

There is a vast array of expert backing—in both the public and private sectors—for choosing the tougher course of the GOP plans.

Alan Greenspan, chairman of the Federal Reserve Board, frequently cites the consequences of budget deficits: "[They] drain our pool of savings, raising real interest rates, damping investment in housing and in business capital, and inhibiting the growth of labor productivity."

He told the House Budget Committee: "We must recognize that the productive potential of the U.S. economy will be shaped significantly by the actions of this Congress regarding the federal budget deficit. ... too much of the small pool of national savings goes toward funding the government. ... If we are to sustain the higher levels of investment that are crucial to achieving healthy increases in productivity and to remain a viable competitor in world markets, we must raise the level of domestic saving and reduce our reliance on foreign saving."

While noting that "there is no sure-fire scheme that this Congress could adopt to entice our citizens to save more," Greenspan said the government could contribute to that goal by reducing the deficit so that it uses less of the private domestic savings pool, allowing those resources to be put to more productive uses "leading to benefits in the form of improved standards of living."

He has also addressed the issue of monetization, noting that "progress in addressing the federal deficit would do much to eliminate any lingering suspicion that the Federal Reserve would ultimately accommodate fiscal imbalance by monetary excess."

The Fed has clearly avoided that course in recent years, its chairman said, but "world history is replete with examples of fiscal pressures leading to monetary excesses and then to greater inflation."

For the private sector, Richard L. Lesher, president of the U.S. Chamber of Commerce, says that the target date of 2002 for a balanced budget is a sound one because "stretching out the adjustment over seven years means that there's no reason to believe that balancing the budget will push us into a recession.

"At the same time," Lesher says, "the economy will begin to see long-term benefits, such as lower interest rates, higher productivity growth, and a rising standard of living. While the benefits will be less obvious to most Americans in the early years of deficit reduction, they will become powerful forces propelling the American economy a decade from now."



Deficits imperil *small business, says Rep. J.C. Watts, R-Okla.*

In addition to the economic factors, Lesher explains, balancing the budget is also an issue of generational fairness. "The benefits of deficit reduction are long-term," he says. "What costs there are will be felt in the short term. That is as it should be. We accumulated this burden. We should fix it and let our children have the benefits."

Another private-sector voice on the benefits of a balanced budget is that of Laurence H. Meyer, head of Laurence H. Meyer & Associates of St. Louis, an economic-forecasting and policy-analysis firm

that has done extensive research on federal budgeting. "What it comes down to," he says, "is sacrificing consumption today for higher living standards in the future. That is all that we are being asked to do."

A study by Meyer's firm concluded that "the inflation-adjusted value of the nation's plant and equipment (real capital stock) would be 2 percent higher after the first five years of deficit reduction and 6 percent higher after 10 years. ... While that may sound small, it means $120 billion worth of additional computers and manufacturing plants within five years and $390 billion more in 10 years."

While deficit spending might enable the government to finance benefits and activities that many citizens find desirable, Meyer says, those deficits actually erode national well-being and living standards because of the "crowding-out" effect—government demands for capital deprive the private sector of the funds needed for job-creating investments.

Noting the low U.S. savings rate, Meyer says that a reduction in federal demands on available capital could mean a decrease of one to two percentage points in interest rates.

At the same time, Meyer says, "it would be a mistake to think the process of achieving a balanced budget will be painless." For one thing, he notes, the shifting of responsibilities to state and local governments could mean tax increases at those levels.

"We don't entirely know how much of the deficit reduction reflects an actual decline in public services and how much is being redistributed to state and local governments," Meyer says. "On the positive side, a lot of these services ought to be administered by state and local governments."



PHOTO: T. MICHAEL KEZA

Tax-cut incentives *are needed, says Rep. Randy Tate, R-Wash.*

Moreover, it is important that those pressing for a balanced budget recognize the sacrifices involved, he says. "They shouldn't try to sell it as painless. That only increases the shock."

An appreciation of the economic benefits of deficit reduction can also be found in a Congressional Budget Office report last year to what were then Democratic majorities in Congress. The office was headed at the time by Robert D. Reischauer, who has since joined the Brookings Institution, a liberal-leaning public-policy research organization in Washington.

While under his direction, CBO concluded that "reducing the U.S. budget deficit could significantly brighten the nation's economic future, boost the productivity of its workers, and raise their real wages. Failing to act could leave the nation's children and grandchildren with a disappointing growth in the economic base and in their economic prospects."

The same report noted that the economic benefits of a balanced budget would be maximized if that balance was achieved in five to 10 years.



PHOTO: T. MICHAEL KEZA

The GOP plan *restores hope, says Rep. Mike Parker, D-Miss.*

Another premise in that CBO report is one advanced often in the debate over federal fiscal policy: "Ultimately, the decision to reduce the deficit involves a judgment about the allocation of resources between current and future generations—and the legacy that the current generation wishes to leave behind."

While experts such as the CBO analysts maintain that deficit reduction would boost the economy generally, many deficit-reduction advocates, like Rep. Boehner of Ohio, see a particular benefit to small business. Many of them came from small businesses themselves.

Rep. Sue W. Kelly, R-N.Y., who ran a real-estate rehabilitation business for 30 years before being elected to the House last fall, says that lower deficits would mean more money left in the private sector: "When people go in for loans, they will get them."

In her business, she notes, more loans would mean more construction activity and a lot more economic activity. "It's a very good way to stimulate the economy. Everybody gets a piece of the pie," she says, noting that "the ripple effect is marvelous" for those selling all the things that people buy when building or remodeling a home.

Rep. Tom Latham, R-Iowa, who was a vice president of his family's seed firm before being elected to Congress last fall, says that "if the president signs a balanced budget, we will see almost overnight a reduction in interest rates."

Lower interest rates, he says, are important for small businesses like his family's, Latham Seed Co. of Alexander, Iowa, which sells seeds for soybeans, one of the three major Midwest field crops. Interest rates are particularly critical to his firm when, as is sometimes the case, it needs to borrow money after it has paid its seed growers but before it receives payments from dealers, who sell to farmers.

Latham also says entrepreneurs are eager for the regulatory relief inherent in a small government. "The small-business person is much more worried about someone from the federal government coming into his office than about the competitor down the street."

As for his district, Latham says farmers and agribusiness interests support the overall goal even though they might not like some of the details. "I don't like to see the amount of reductions in agriculture and farm programs, but I believe farmers and people in agribusiness are willing to accept those reductions if we get to a balanced budget."

Oklahoma's Rep. Watts, who is concerned that longstanding fiscal policies will destroy small business, says: "It doesn't take a rocket scientist to figure out ... that we must balance our books. Government just cannot replace the millions and millions of decisions that people make in the marketplace on a daily basis. Government is not a good parent, and government is not a good investment adviser. Private industry, risk-takers, entrepreneurs, 'Joe Six-Pack' on the street—those are the types of people who make things happen."

A balanced budget, Watts says, is "good for small-business people; it's good for industry, in general, to have a smaller, less intrusive government."

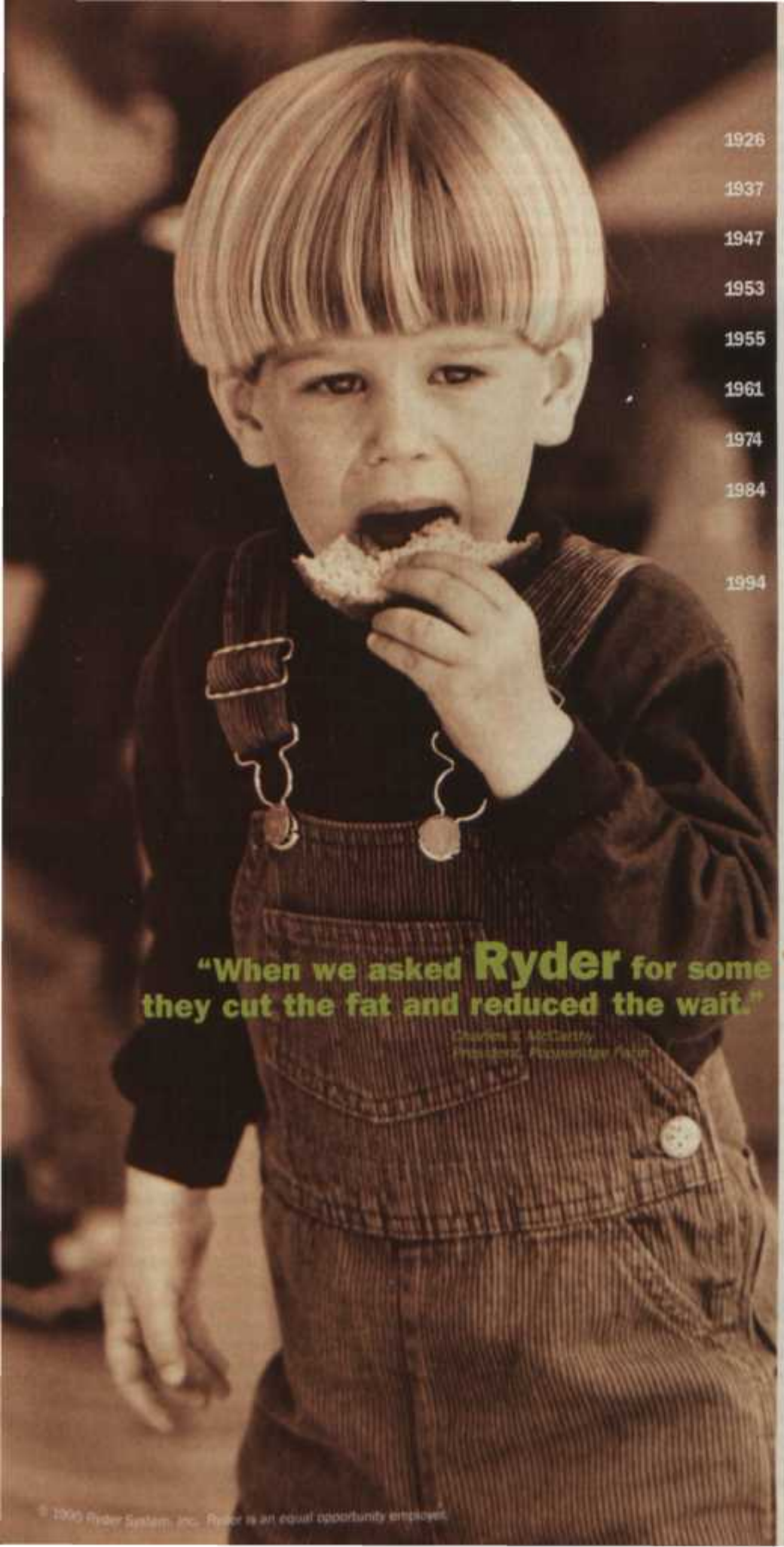


Reduce *deficits to help the economy, says Rep. Sue Kelly, R-N.Y.*

Rep. Randy Tate, R-Wash., a freshman and an original sponsor of the House balanced-budget amendment measure (the Barton-Hyde-Tate bill) that called for a three-fifths vote to raise taxes, helped his parents run a mobile-home park. He, too, sees lower interest rates as a small-business benefit from a balanced budget and says the capital-gains tax reduction approved by the House would be "beneficial to all of us" because people wouldn't be "punished for being successful."

Tax cuts, he says, "give people more incentives to reinvest in plant and equipment, which creates jobs and creates more taxpayers."

Tate says the majority of his constituents strongly support what the GOP is doing on the budget. "We're transforming government," he says, "asking tough



Pepperidge Farm

1926	Margaret Rudkin buys farm filled with pepperidge trees.
1937	Starts mail-order bread business out of her kitchen.
1947	Opens first of eight modern bakeries.
1953	Over one million loaves of bread produced per week.
1955	After trip to Brussels, inspired to produce elegant cookies.
1961	Joins forces with Campbell Soup Company.
1974	Enlists Ryder Full Service Lease to help improve customer satisfaction.
1984	**Integrated Logistics from Ryder helps Pepperidge Farm deliver the freshest product to market, from oven to shelf in no time at all.**
1994	Commitment to quality and excellence causes sales to exceed $600 million.

Speed Products to Market

Improve Customer Satisfaction

Free Working Capital

Reduce Inventory Investment

Expand Globally

What can we do for you?

1 800 RYDER OK

Ext. 451

Integrated Logistics From

RYDER.

© 1995 Ryder System, Inc. Ryder is an equal opportunity employer.

Circle No. 30 on Reader Service Card

questions of every program: Can it be best done in the private sector? We should ask that of every program. Are there ways to make it more efficient? Should it be done at the state level or the local level instead of the federal level?"

Rep. Mike Parker, D-Miss., who is in his fourth term, runs a funeral home and insurance business. A balanced budget, he says, would eliminate "talk about the next generation not having a higher standard of living than the previous generation. All of a sudden people would have hope again, people would be in a situation where they could look forward to things, where they could look forward to having a future and be able to have a career, have a family, and have a home, have retirement, and have a higher standard of living than their parents."

Parker cites the GOP proposal for turning responsibilities over to the states and notes that "small-business people have a much easier time dealing with state officials and state regulators and state employees. That is a big plus for small business."

Rep. Michael "Mac" Collins, R-Ga., who was elected in 1992 and owns a small trucking company, sees the House tax-cut proposals as an important small-business element in the House budget package: "Any time you enhance the budget of individuals ... they have more money to spend on consumer goods or services. And it takes people coming through the door of a business with money in their pockets to enhance that business's cash flow."

The arguments on behalf of a balanced budget—its effect on small business, on business generally, on families, on world trade, on future generations—will continue into the fall. They will be heard as Congress considers the policy and spending bills that are the actual building blocks of such a budget.

And the opposition will continue to press its case that the deficit-elimination plan would go too far in curbing government programs that assist various sectors of society.

But the concern that Congress might go overboard in curbing spending is not one that sends alarms through longtime observers of the federal government's fiscal habits. One of the most prominent of those observers, Federal Reserve Chairman Greenspan, recently responded to a House committee member who had asked him if he worried that spending might be cut too much:

"I'm not concerned in the slightest that our political system will overdo deficit reduction. I have been around this town too long to hold that as a deep-seated fear. ... I don't stay up at night worrying about that."

Senate Budget Committee Chairman Domenici notes that many opponents of the Republican budget plans cast their arguments in terms of programs abolished or scaled back. But such arguments, he says, must be considered in the light of the economic growth that budget balance offers.

He sums up: "There is a reward for balancing the budget. The reward is a better America, more jobs, more opportunity, lower interest rates, less debt for our children. Add them all up, and every adult leader in America should be willing to stand up and say that is what we really ought to do." ■

To order a reprint of this story, see Page 80. For a fax copy, see Page 37.

What's Next On The Budget Calendar

While the balanced-budget resolution being developed in Congress is significant as a long-term commitment for bringing spending within revenues, it is actually the first step in a long and complicated process needed to achieve the fiscal goal.

The federal budget process now under way was established under the 1974 budget-reform act requiring Congress to relate total income to total spending—which had not been done previously—but contained no limit on deficits. To achieve its goal, the budget act had to establish machinery coordinating the work of the policy-making and spending committees, which were used to functioning with a high degree of independence.

Here is the approximate schedule for adopting the fiscal 1966 federal budget:

Actions Completed: Each house adopted a budget resolution setting overall spending and subtotals in 18 areas of government activity, along with revenue expectations.

Middle To Late June: A conference committee of members of each house's budget committee resolves differences between the two resolutions and produces a single measure for approval by both houses. This resolution sets broad fiscal goals and suggests statutory changes for meeting the targets; it does not require presidential approval.

July: Authorization committees, which can establish, abolish, or modify specific government programs, and appropriations subcommittees, which decide how much money to allocate to those programs, decide on the steps needed to conform with the budget resolution's goals.

The committees must stay within the fiscal limits set by the budget resolution but may do so through steps other than those recommended in the resolution.

The respective budget committees (House or Senate) correlate the authorizing panels' recommendations within spending limits of the budget resolution. The resulting product is known as the budget reconciliation.

The appropriations subcommittees' recommendations are incorporated into 13 spending bills. House and Senate members vote on each bill as received from their own appropriations panels. The House Ways and Means and the Senate Finance committees deal with tax aspects of the budget.

September: After each house votes on its own reconciliation and appropriations bills, differences are resolved in conference committees. The conference decisions go to each house for approval. The reconciliation and appropriations measures as cleared by Congress are subject to the president's veto.

October: If the president vetoes any of the measures that make up the balanced-budget plan, a two-thirds vote of each house is needed to override his action. While Republicans who crafted the basic plans have majorities in both houses of Congress, they do not have sufficient strength to override vetoes. Expected disputes between Congress and the White House over fiscal policies could delay implementation of the budget beyond the Oct. 1 start of the 1996 fiscal year. Traditionally, Congress has passed stop-gap financing legislation to allow continuation of all or part of government operations in the absence of an approved formal budget.

A possible scenario is a request from the president for a continuing resolution, under which all or some federal activities would be maintained at funding levels of the current fiscal year, while he and the GOP congressional leaders attempted to resolve differences over spending bills.

Those leaders might see such a course as a retreat, however.

If there is no budget or stop-gap measure in place by Oct. 1, government spending would automatically be limited to revenues.

MARKETING

New Directions In Marketing

How shifts in demographics and advances in technologies are changing the way businesses sell.

By Roberta Maynard

With his new business venture, David Ferrara will have a firm foothold in the marketplace of the future—he hopes. Ferrara is banking on the notion that today's fast-evolving technologies will be the key to success in tomorrow's world of marketing.

Ferrara, senior vice president of marketing for North Communications, in Marina Del Rey, Calif., is in charge of the nationwide rollout of a system designed to communicate with consumers electronically. The $12-million-a-year company is supplying the kiosks and proprietary networks designed to allow businesses and shoppers to interact in, eventually, 750 of the largest malls in the country.

A New York company, Food Court Entertainment Network, Inc., will provide via satellite a five-minute entertainment program that will appear on the kiosk screens. Advertising space will be available to businesses, and to help generate immediate sales the kiosks will dispense discount coupons for mall stores. An important element of the program is a survey—in touch-screen format—about shoppers' buying habits and product preferences.

Kiosks designed by North and other companies are already being used to sell baseball tickets, accept utility payments, and provide information on government jobs and benefits. The new North/Food Court system will establish greater communication between businesses and buyers and will do so in retail settings.

It is just one facet of an emerging phenomenon known as interactive technology that could change the face of marketing. Interactive technology will allow American households to tap into programming and services and buy products offered over networks accessed through computers, telephones, televisions, and other devices. Futurists swear by it. Marketers love it.

The bumps along the way—waiting for greater numbers of homes to have computers, waiting for the standardization of formats—will merely slow its inevitable arrival, which many believe is just around the corner. In a Deloitte & Touche survey of 120 executives in the information, communications, and entertainment industries, all of the respondents agreed that the interactive multimedia age will hit full stride by 2010; one-third of them said they think it will happen by 2000. Within five years, they believe, advanced network technology will be available to at least 25 million homes and possibly as many as 45 million. And, in a survey by Ernst & Young for the U.S. Chamber of Commerce, 1,600 business owners said they expect electronic marketing of products to grow at an average annual rate of 34 percent over the next five years.



PHOTO: PATRICIA LANZA

Kiosks *for interaction between consumers and companies demonstrate the future of marketing, says David Ferrara.*

ENTERPRISE 2000

Steve Most, president of The Turn-Around Team, Inc., a marketing company in Westfield, N.J., has been specializing in interactive multimedia for the past seven years. Only in the past nine months or so has he seen business take an active interest. "Before, we had to go to clients and explain what we were doing," he says. "Now, they're coming to us. It's a phenomenon that's growing geometrically because of the tremendous possibilities."

In traditional marketing, says Most, one is forced to communicate in a linear way—by interrupting people with a 30-second spot or a full-page ad.

"But with interactivity," he says, "customers can come to you for information, so all of the things you're selling can be available to them on the computer or TV screen." That means that marketers will have to anticipate customers' questions by loading their interactive communications with answers.

Businesses increasingly are making use of technology to tailor messages to customers and advertise products in new ways. Companies target travelers by buying commercial space on captive hotel channels. In-store videos touting products catch people's attention at the point of purchase or as they wait in line. Grocery stores equip shopping carts with video displays that showcase certain food products.

Prime Cable of Las Vegas will soon begin testing a new feature called zoned advertising. Based on digital technology, this device will enable businesses to advertise within a three-mile radius to subscribers with precisely targeted household incomes.

An outgrowth of cable called direct-response TV is also gaining presence. Gross sales of products generated by infomercial programs have tripled in six years, from

This story is part of a continuing series on managing at the turn of the century.

$350 million in 1988 to $1 billion in 1994.

And business's use of the Internet—the global web of computer networks—to reach customers is skyrocketing. (See "The Virtual Future," May.)

All of these developments are steppingstones to an integrated electronic marketplace. Just how different will that marketplace be? Samuel Bleecker, a technology consultant and futurist in Boca Raton, Fla., believes that within 20 years the pricing and distribution of products, as well as the role of retailers, will be fundamentally changed.

"As more people become linked electronically, there will be less need for people to physically go to stores," he says. Products will be ordered and delivered to homes within a few hours by companies like United Parcel Service and Federal Express. The shopping experience itself will be captured by computer programs that allow the viewer to "walk" through a mall and into a store, "take" a product from a shelf, and closely examine it.

Though the offerings of many businesses, such as restaurants and grocery stores, may not be transferrable to computer screens, Bleecker says most small firms will have to change their strategies and learn how to sell and advertise in cyberspace. One major adjustment companies will face is increased competition. "A local shoe store used to have to only worry about the nearest competitor," says Bleecker. "Soon, they'll have to worry about everyone else around the world who can deliver a product to the customer's doorstep for a competitive price."

But the changes may mean advantages. The electronic marketplace will link businesses that sell small volumes of goods to a whole new array of customers. And new kinds of businesses will fill needs created by doing business electronically, he says.

For example, the new business climate could foster the growth of companies specializing in trust insurance or product warranties. These firms would help minimize the risk for consumers ordering products from unknown, unseen companies. New kinds of financial services could also emerge, Bleecker says, such as systems to track transactions and debit cards that work like electronic checking accounts.

Whatever part it plays, technology won't be the sole focus of marketers in the next century. Businesses will also have to tune in to what's happening demographically. Here are some developments:

A maturing market. In the decade leading to 2000, the 45-to-54 age group will increase 44 percent, according to the Census Bureau. Moreover, the number of people 85 and over will double from 1990 to 2020. These groups will influence the development of products and services in maturity just as they did in their youth, driving the demand for medical, restaurant, leisure, and security services.

A more diverse market. The U.S. will move toward a predominantly white older population and a growing nonwhite younger one. After 1996, the Hispanic population will add more people to the U.S. every year than any other race or origin group, the Census Bureau projects. In 35 years, non-Hispanic whites will still make up three-fourths of those age 65 or over, but it will make up less than half the U.S. population under 18.

A slower-growing market. Although the U.S. population could top 300 million within 15 years, the rate of population growth is expected to decrease during the next six decades by about 50 percent, according to the Census Bureau. This means that businesses will have to do a more efficient job of marketing, says Dr. William Lazer, a marketing consultant in Boca Raton and co-author of *Marketing 2000 and Beyond* (American Marketing Association).

"In the past," says Lazer, "the burgeoning population growth compensated for many marketing miscalculations and provided marketing management with a degree of slack and latitude that will not exist in the future. Growing populations, so characteristic of the past, will not be there to provide a future market cushion."

Other factors, too, affect how small businesses will market, says Lazer, including increasing competition, the rising cost of doing business, and the fact that markets shift so rapidly now. "The windows of opportunity," he says, "used to change very slowly, but now companies need to be adaptable and flexible. It's partly because of TV and partly because of changes in consumer lifestyles."

In order to capitalize on these quick shifts, small businesses have to get close to the consumer, says Lazer. They need to develop and use databases, analyze trends, and invest in market information.

"Small business has to have the twin focus of running a business efficiently and keeping an eye on what the market is doing," says Lazer. "Market information is just as much a business asset and just as important as your inventory or the machine you have in the back room." From watching the changing demographics, he says, we can infer things about lifestyles, and from that we can learn about demand for products and services.

This is partly what North Communications hopes to achieve with its interactive kiosks—finding out more about customers' lifestyles, product preferences, and buying habits, while introducing them to products in dynamic ways. "Small businesses can participate by being tenants on these networks," says North's David Ferrara. "We think it's a tremendous opportunity to capture information." Which is what the future of marketing is all about. NB



Older Americans *will influence the development of products and services, driving the demand for health care, restaurants, and leisure and security services.*

To order a reprint of this story, see Page 80. For a fax copy, see Page 37.

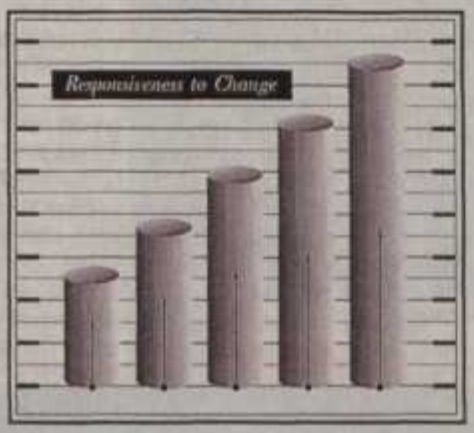
Have Marketing Questions?

Send questions on marketing or other business topics to Direct Line. Answers to questions that are selected for publication will appear in future issues. For details, see Page 79.

quickly and creatively to unforeseen circumstances have a significant advantage over those tied down by convention, bureaucracy and big-spending.

FLEXIBILITY

The varied demands of today's marketplace require small businesses to perform an increasing variety of functions.



Whether it's in sales or finance, realty or retail, flexibility is the new key to long-term success. In these days of doing more with less, the way in which companies allocate resources has changed. In the past, financial clout often determined who came out on top. Today, faced with competitive and market pressures unimagined ten years ago, companies must now find

Flexibility and a sense of adventure must be a part of any company's corporate culture if it ceed into the 21st century.

•

Large companies, of c a greater challenge than small bu generally have an easier time imple cies. But no matter what the size companies with an adaptable str outlook are better positioned to than their competitors, their ab cus, or even redefine, their b sures their continued succe

Willing



The new HP LaserJet 5P printer. It specializes in everything.



$899

Estimated U.S. retail price. Actual price may vary.

From envelopes to index cards, letter-size to legal-size, the new HP LaserJet 5P tackles whatever comes its way. With two paper trays, the ability to print up to 10 wrinkle-free envelopes at one time, crisp 600-dpi print quality, and six-page-per-minute speed, it's the perfect printer for your business. Beyond all this, new wireless infrared printing ensures built-in flexibility into the future.

Imagine. Unsurpassed versatility. Legendary HP reliability. And now, surprising affordability. See your Yellow Pages for the HP dealer nearest you.

HP LaserJet Printers
Just what you had in mind.

HEWLETT® PACKARD

©1995 Hewlett-Packard Company PE10529

FINANCE

Going Plastic

Here's how to gain merchant status for your small firm so you can accept major credit cards.

By Rosalind Resnick

When Natalie Stetz launched her continuing-education business last year, the former technical writer was the one who ended up getting an education.

Unaware of the difficulties small businesses often encounter in obtaining merchant status—the ability to accept credit cards from customers and clients—Stetz printed up thousands of catalogs encouraging customers to pay by Visa or MasterCard.

"I thought it was money coming in and the bank would be happy to collect it," says Stetz, owner of the South Florida Exchange, in Fort Lauderdale. "Then I called a broker [who helps small businesses get merchant status] at the recommendation of a friend, and he said not to waste my time because I'd never be approved."

The reason: Back then, Stetz operated her business from home rather than from an outside office, and she took orders for seats in continuing-education classes over the phone. That practice—combined with her lack of a business track record—made her, in many bankers' eyes, a high risk for credit-card status.

As a result, Stetz says, she missed out on some sales because customers weren't offered the convenience of paying by credit card when they phoned to sign up for a course. "Somebody calls and wants to register and has the catalog in their hand," Stetz explains. "Then they put the catalog down and go on with their day and forget to send the check."

Stetz's problems are not unusual. Though it's not known exactly how many small businesses are turned down for merchant status, they clearly face long odds. In the view of many banks that issue Visa and MasterCard credit cards, small companies are more likely to present collection problems than are larger, better-established businesses. Banks often assume that orders that come into a home-based business will be placed by phone or mail, making it impossible for the merchant to verify the validity of customers' credit cards. Banks also fear that small companies are more likely to fail or resort to fraud.

David Strider, president of Banc One POS Services Co. in Columbus, Ohio, acknowledges that "it's probably tougher than it needs to be" for small businesses to win merchant status. "Our customer demographics are in the small- to middle-market arena, and if we can serve them, we do," he says, but "we have credit standards that we abide by."

Judy Hoffstein, American Express' vice president for inside sales and account management, puts it this way: "The main reason small businesses are scrutinized is because we, as a credit-card company, have to pay the merchant first, and then we have to wait for the customer to pay us.

"If the customer decides that he wants a refund or isn't satisfied with the product or the service provided," she continues, "we have to go back to the merchant. We need to be absolutely certain that merchant is going to be there the next week."

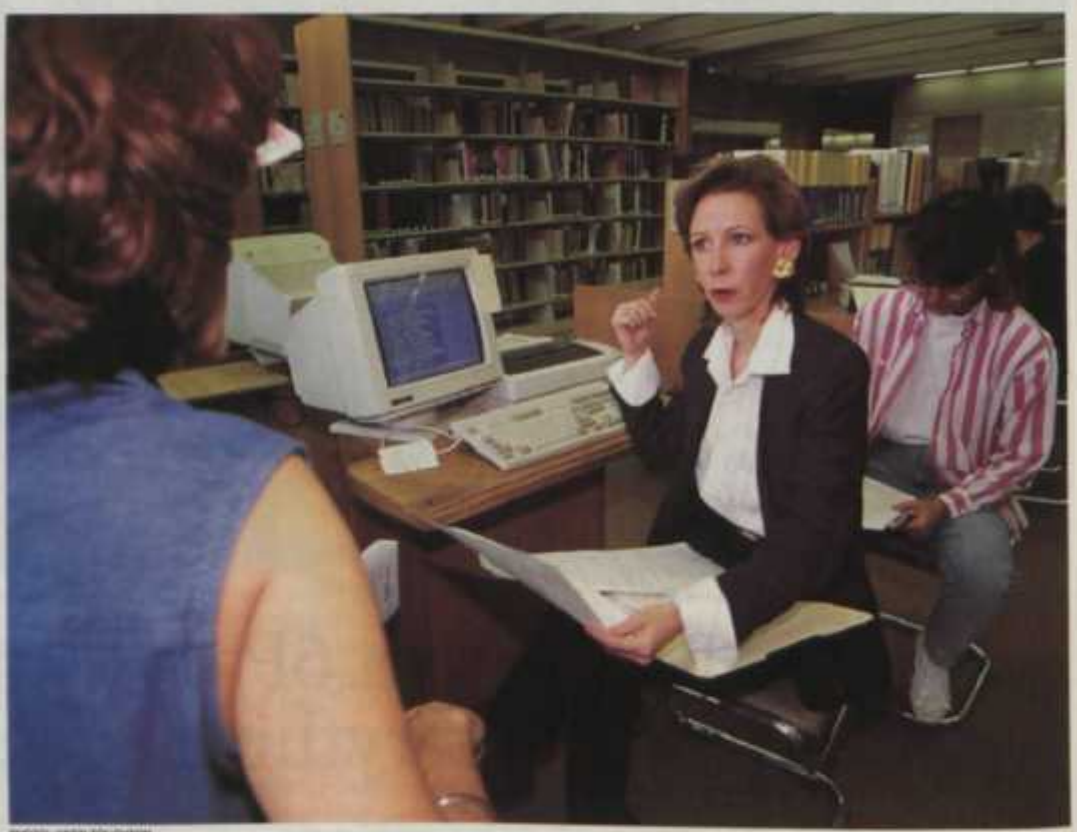


PHOTO: ERIN TOUGHTON

Continuing-education *entrepreneur Natalie Stetz, here teaching students how to use the Fort Lauderdale, Fla., city library, learned unexpected lessons when she sought merchant status.*

Although it can be difficult for a small firm to obtain merchant status, it's not impossible. Companies that take the time to document their creditworthiness can often win over skeptical bankers.

Even merchants who strike out with

Rosalind Resnick is a free-lance writer in Hollywood, Fla. She was assisted by researcher Tony Panaccio.

banks can frequently gain merchant status through brokers called independent sales organizations (ISOs), which act as middlemen in helping small firms obtain merchant status from banks.

In fact, banks typically work closely with ISOs, sometimes referring small businesses to such organizations and other times using ISOs to serve markets that the banks cannot reach profitably. "Banks and ISOs work hand in hand," says Strider, noting that every merchant recruited by an ISO still must be approved by a bank before it can accept credit cards.

Moreover, banks and credit-card companies are aware of the rapid growth in the number of small and home-based businesses. American Express, for one, now has a small-business outreach program.



PHOTO: GBART BARTHOLOMEW

New firms are welcome *to seek merchant status through Cardservice International, says Chuck Burtzloff, president and CEO, and almost all applicants are accepted.*

"I'm not guaranteeing that every single home business or small business will qualify," Hoffstein says, "but we will take into consideration all aspects of a business. The fact it's a home business will be a factor in our decision-making process; it won't be the only factor."

Winning merchant status can be achieved in as little as a week, or it can take weeks—or even months, as it did for Stetz—if you run a home business and the bank's account executive needs to visit your house to confirm that you run a legitimate concern.

Once merchant status is approved, the credit-card issuer typically withholds a small percentage of each charged amount as a fee for the service. Bank fees for Visa and MasterCard transactions can range from under 2 percent to as much as 4.5 percent of sales plus 25 to 30 cents per transaction; there can also be monthly servicing fees of up to $10. Charge-card companies typically do not charge a monthly fee, but they take a larger percentage of sales—up to 5.5 percent, for example, at American Express.

Small businesses with relatively low sales typically pay higher percentages than large department stores or nationally known catalog merchants.

In addition, banks lease or sell to merchants the computer terminals and printers needed for processing credit-card charges. For example, Barnett Merchant Services Corp., in Jacksonville, Fla., an arm of Barnett Banks, will sell a terminal for $445 or lease it for $14.95 a month; an electronic printer sells for $250 or can be leased for $10 a month.

Here are ways to improve your chances of obtaining merchant status:

Tout Your Own Good Record

When your business is new, use your personal credit history and financial assets to help convince a bank or credit-card company that you would be an acceptable risk as a credit-card merchant. Your reputation in the community can also work in your favor.

"Act like you're going up for a bank loan," advises Hoffstein of American Express. "Have a well-developed business plan that takes into consideration your business viability for the short, medium, and long term. Your business credit is important to us, but so is your personal credit, too. Get a firm handle on your personal finances."

Lean On Your Own Bank

Typically, your application for merchant status will get a more sympathetic review from the local bank where you've done business for years than from a bank with which you have no prior personal or financial relationship.

Karl Denninger, president of MCSNet, an Internet access provider in Chicago, obtained merchant status by sending his bank a simple, straightforward letter that proved effective. He told the bank it could either grant him merchant status immediately or he would empty his account and take his money elsewhere. Of course, Denninger notes, this approach works only if "the account is a large number, the more zeros the better."

You can also leverage your relationships with the bank that holds your home mortgage or financed your car purchase.

Open An Office

When you tell a bank or credit-card company that you run your business from home, the bank typically assumes you're running a mail-order operation—even if you're not. Mail-order operations present a greater chance of credit-card fraud, according to some bankers, because the merchant can't inspect the card—can't verify the cardholder's signature, check it against other identification, or swipe the card through a machine that checks the data on the magnetic strip on the back.

Banks generally look more favorably upon firms with an office or storefront—even a small one. So, if you're considering opening an office anyway, do it before you apply for merchant status.

Seek Help From An ISO

If you can't get to first base with your local bank, you may get help from an independent sales organization, also called an ISO or a merchant-service provider. ISOs are registered agents that represent one or more card-issuing banks and can intervene with the banks on your behalf to help you obtain merchant status. The retailer then typically remains with the ISO, which serves as a link to the bank for the business, processing the firm's credit-card sales transactions and sometimes leasing the electronic terminals necessary for such sales.

Be aware, however, that a few ISOs have proved disreputable. Some ISO newcomers several years ago collected excessive application fees and equipment-leasing charges; a few then skipped town. Strider of Banc One advises confirming an

ISO's status with a bank or banks.

The vast majority of ISOs are trustworthy, and many doing business today get rave reviews from companies that use them. Teleflora of Los Angeles obtains merchant status for retail florists and offers them credit-card-processing services. Litle & Co. of Salem, N.H., specializes in processing credit-card orders for catalog or direct-mail merchants. Litle recently introduced the Alliance Business Program for small-volume and start-up mail-order companies.

Chuck Burtzloff of Cardservice International, a Calabasas, Calif., ISO, says his company is eager to work with new businesses and accepts 95 percent of all applicants. "Let's say someone goes to a bank and doesn't fit the tight bank profile to get merchant status," he says. "We have deals with large institutions like First Union, California Federal, and Great Western in which they take that merchant and refer them over to us once they've been turned down by the bank officers. We say, 'Let us have a shot at servicing this customer.' "

Keep Cash Reserves High

Since credit-card customers may charge back purchases—that is, return the goods for a refund—up to six months after the date of sale, credit-card companies are theoretically on the hook for six times your monthly credit-card charges.

With that in mind, assure the bank you intend to keep your cash reserves high. If you have enough cash in the bank to cover six months worth of potential charge-backs, the bank will feel more comfortable granting you merchant status.

> **"Let's say someone . . . doesn't fit the tight bank profile to get merchant status. . . . We say, 'Let us have a shot at servicing this customer.' "**
>
> —Chuck Burtzloff, Cardservice International

Try Nonbank Issuers

A nonbank charge-card company may be more willing than a bank to extend merchant status to a small firm, especially if the business provides a product or service the charge-card company believes will benefit its members.

What's more, you'll often have a better chance of ultimately gaining merchant status from a bank after establishing a successful track record with American Express or Discover. Note, however, that nonbank charge-card companies may charge a higher fee than banks do.

American Express takes 2.95 percent to 5.5 percent of each sale charged with its card; the rate the business pays depends on factors such as its industry, whether charges are submitted on paper or electronically, and the business's projected annual gross sales. Discover declines to disclose its rates.

Be Persistent

If one bank or credit-card company turns you down, try another—and another—until one of them says yes. Persistence is finally paying off for Natalie Stetz. After months of getting nowhere with the banks, Stetz recently obtained merchant status through Cardservice International, the California ISO, which does business nationwide.

"My advice to other business owners," she says, "is never take no for an answer." NB

To order a reprint of this story, see Page 80.
For a fax copy, see Page 37.

GET THE FACTS ABOUT FRANCHISING BEFORE YOU INVEST



Franchising: How To Be In Business For Yourself, Not By Yourself is a valuable videotape containing the advice you need to make an informed franchise decision. Includes valuable information from lawyers, franchisors, accountants, bankers and top government officials on how to negotiate and begin a successful franchise. Learn how franchisors evaluate you and how to judge offers. Avoid the pitfalls and get the insiders' information to begin your successful franchise venture. Available for **$49.95** + $4.00 for UPS shipping and handling (VHS or Beta format).

Running time: 58 minutes.

Order your videotape by calling 1-800-547-9797, or send your prepaid order to: Nation's Business, Circulation Department, 1615 H Street, N.W., Washington, D.C. 20062-2000.

BENEFITS

Building Nest Eggs For Medical Bills

Congress looks at tax-sheltered medical savings accounts to cut health-care costs.

By Laura M. Litvan

In a nation of people who typically aren't too concerned about what doctors charge because their insurance picks up most of the tab, Richard Norton has become a rare cost-conscious shopper. That's because his company's new health plan rewards him for pinching pennies.

Norton's employer, Concord Management, a nine-employee real-estate management firm in Grand Rapids, Mich., canceled its traditional Blue Cross and Blue Shield plan two years ago to avoid further large-scale premium increases.

The company bought a less-expensive "catastrophic" policy that covers only those expenses above $1,500 a year for individuals and $2,000 for families. Then the company used the savings in premiums and some additional money to set up "medical savings accounts" for each worker to cover expenses up to the point that the insurance kicks in. Any unused amount goes to the workers at year's end, giving them an incentive to cut costs.

Norton, a maintenance worker who suffers from asthma, says he began peppering his physician and his pharmacist with questions about the price of his medication after the new plan went into effect. "I wanted to find out if there were treatments that cost less," he says.

He succeeded. His new prescription medication costs only one-fourth of what he used to pay. At the end of 1994, he got a check for $750—the unspent balance in his $1,500 medical savings account.

As for Concord Management, its total health-care cost increases have slowed since the new plan took effect, says Randy Velting, a partner with the firm. Velting says part of the reason is that employees are making fewer claims.

Concord Management's approach to health-care cost containment is about to get a lot more attention. Key GOP lawmakers have embraced the idea of medical savings accounts (MSAs) combined with catastrophic health insurance as a nonbureaucratic approach to health-care reform.

Coming debate will focus on whether to change the tax code to create powerful incentives for MSAs. Advocates want to treat MSAs like 401(k) retirement savings plans, allowing employers and employees to make pretax contributions to accounts that would grow tax-free and could travel with workers from job to job. With such tax incentives, advocates say, the concept would take off and become a mainstay of employee-benefit offerings at U.S. companies.

Current law does not provide for pretax contributions or tax-free growth of medical savings accounts.

Proponents of medical savings accounts include the GOP's leaders in Congress—House Speaker Newt Gingrich of Georgia and Senate Majority Leader Bob Dole of Kansas—as well as the Republican chairmen of the panels with jurisdiction over them: the Senate Finance Committee's Bob Packwood of Oregon and the House Ways and Means Committee's Bill Archer of Texas.

Archer may soon introduce his own bill to encourage MSAs. As of the end of May, four MSA bills were pending in the House, and two were pending in the Senate. Nevertheless, the prospects for passage of medical savings account legislation in 1995 are not entirely clear.

Debate about MSAs could move to the front burner in Congress late in the summer, says Robert Laszewski, president of Health Policy Strategy Associates, a Washington, D.C., consulting firm that tracks health legislation for businesses. Even then, it could be tied to a larger and possibly contentious debate about health-insurance market reforms.

Moreover, a threat to MSAs could lie ahead in a Congress now struggling to balance the budget. So far, there are no solid estimates of the revenue that would be lost if tax incentives were granted for MSAs, says Laszewski.

Nonetheless, momentum is building for MSA tax incentives. Some major business groups, including the U.S. Chamber of Commerce, have endorsed the concept. And laws permitting state tax deductions for MSA contributions have been passed in Arizona, Colorado, Idaho, Illinois, Michigan, Mississippi, Missouri, Montana, New Mexico, South Dakota, Utah, and West Virginia.



ILLUSTRATIONS: GEORGIA LEIGH MCDONALD

But while the concept of MSAs taps into GOP hopes to move the health-care reform debate away from government-based solutions, there is disagreement over how well MSAs would help control national health-care expenditures, now about 14 percent of the U.S. gross domestic product.

Proponents of MSAs say a key culprit in rising health-care costs is the third-party system of payment for services, where patients have most of their bills paid for by an employer, an insurance company, or the government. This system, they argue, gives patients little reason to question costs.

"If you can enter the medical marketplace and use any service and send the bill to someone else, costs are going to go up,"

says John Goodman, an economist who first promoted the idea in a 1992 book, *Patient Power,* co-authored with Gerald L. Musgrave. Goodman says MSAs encourage consumers to shop the market for the best prices, creating competitive pressures that will drive costs lower.

Goodman, president of the Dallas-based National Center for Policy Analysis, adds that MSAs provide individuals with coverage for expenses beginning with the first dollar, unlike traditional health-care plans, which commonly set co-payments or low deductibles.

But opponents say MSAs could actually endanger the overall health-insurance market. They contend that healthier workers would likely flock to MSAs, figuring they could build up large account balances, but MSAs wouldn't be as attractive to those workers more likely to make lots of claims. If the less-healthy workers were to remain in traditional fee-for-service or managed-care plans, MSA opponents say, costs for such plans could be driven through the roof.

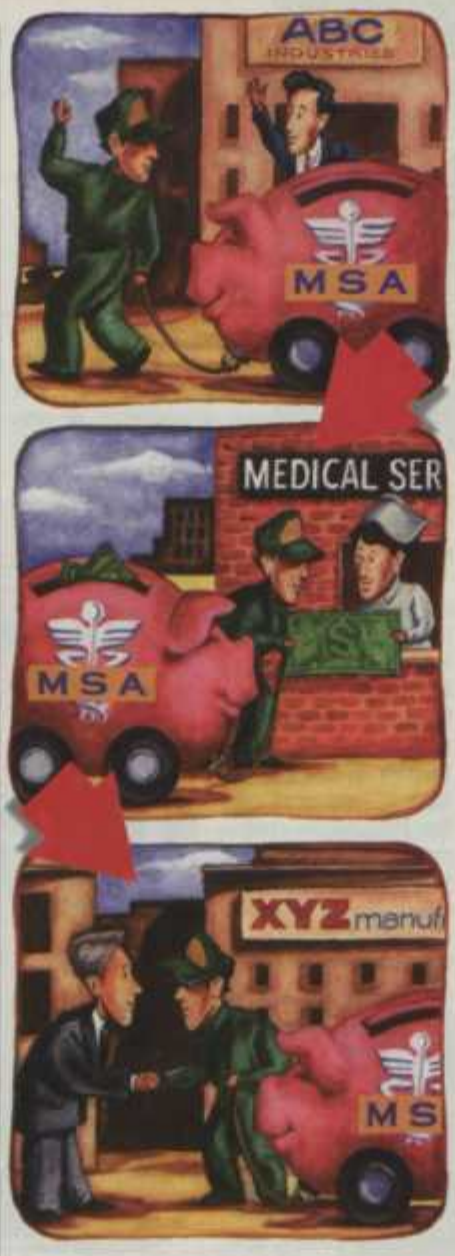
"It threatens the whole concept of insurance," says Paul Ellwood, president of the Jackson Hole Group, in Jackson Hole, Wyo., an informal gathering of academics, physicians, and health-industry executives whose ideas have influenced the health-care debate.

Even if everyone opted for catastrophic coverage with an MSA, the system wouldn't work, concluded a study by Blue Cross and Blue Shield of Ohio.

Proponents of MSAs claim employers would save enough from purchasing catastrophic coverage to substantially fund MSAs. But the Blue Cross study found that projected premiums for catastrophic health insurance would not generate a pool of funds adequate to cover the actual costs of treating people with serious medical needs, causing the insurance pool to go bankrupt. Goodman maintains that the study was flawed because, among other things, it presumed that patient behavior would not change if MSAs were widely available.

Another big issue is whether MSAs would be compatible with health-maintenance organizations (HMOs). Generally, the MSA concept is viewed as promoting traditional "fee-for-service" coverage, where individuals shop without restriction for doctors and pay for each service. In contrast, HMOs charge a flat yearly fee for all services rendered and limit access to doctors outside the HMO. More than 50 million Americans are enrolled in HMOs.

Cost savings for employers also are in question. A recent report by the American Academy of Actuaries determined that savings could vary greatly, depending upon how workers perceived their



own individual MSAs. If they saw their accounts simply as another form of insurance, then there would likely be a smaller impact on costs than if they saw their MSA as a savings account that they could build up over time, the report says.

For small employers, MSAs might yield at most a 5 percent to 10 percent savings in total health-care costs, says Dale Yamamoto, a consultant with Hewitt Associates, a benefits consulting firm based in Lincolnshire, Ill. But many factors would influence whether those savings materialized, and many managers would see a much smaller impact, he says. "I don't think someone should go into this thinking they're going to save a lot of money," Yamamoto says.

If Congress moves forward with tax incentives for the accounts, small-business managers will need to think about how they design their MSA plans to make the most of them. Health-benefits consultants say that employer considerations will focus on three questions:

How much should be deposited in each account?

Generally, for each dollar a company raises its insurance deductible, it can expect to see its premiums for health care drop by 20 to 50 cents, says Edwin Hustead, senior vice president of the Washington, D.C., office of Hay/Huggins, a benefits consulting firm. Companies would then have to decide whether to shift any or all of such savings into employee MSAs. They also would have to determine whether to ask employees to contribute to the accounts.

Should there be limits on how MSA funds could be spent?

Under most bills pending in Congress, MSA money could be used without penalty for anything recognized by the IRS as a "medical expense," a wide-ranging definition that includes such things as acupuncture and certain cosmetic surgery. This moves away from employer efforts under managed-care plans to limit the types of services covered, so employers might want to fashion their own MSA plans to restrict how workers could use their MSA dollars.

Should MSAs be optional or mandatory for all employees?

Typically, if an employer offered workers the option of using an MSA or a managed-care plan, the healthier employees would be more likely to elect the MSA, says Mark Litow, a partner with Milliman and Robertson Inc., a Milwaukee-based actuarial firm. This could lower the level of possible overall savings because costs for the traditional health-care plan could rise. On the other hand, employers would have to weigh how workers might react to a mandatory MSA program if some of them preferred a managed-care plan. "It's kind of tough to take something away," Yamamoto says.

Ultimately, with congressional debate over MSAs ahead, the key issue for employers will be how flexible a final bill would allow them to be, says Greg Scandlen, executive director of the Council for Affordable Health Insurance, an Alexandria, Va., association of small and medium-sized insurance companies. Companies need the flexibility to experiment with account contribution levels and deductible levels, Scandlen says.

He adds: "There is no particular formulation that will work in all situations." NB

Get The Fax

890 • MassMutual

Practical, authoritative booklet on family business succession planning basics...with insights on the financial and personal decisions that can help keep your family business where it belongs — in the family. Call today.

863 • Protect Your Personal Belongings & Assets

If your company is ever audited by the IRS, you could lose personal possessions. The Complete Book of Corporate Forms (print and disk) protects you while saving time/money. Free sample.

880 • Cessna

Call us now for details on how your company can get into a fast, efficient CitationJet — the truly cost-effective alternative to the slow speeds of propeller-driven aircraft or the hassles of airline travel.

892 • Ascom Hasler Mailing Systems

Start saving money in your firm's mail processing with efficient, economical, attractively priced mailing systems. Learn how our new postal and shipping scales will put more smarts in your mailroom. Punch 892 for more information.

855 • Ryder

Ryder Dedicated Logistics provides logistics solutions that help control costs while improving service, reducing inventories, delivering faster cycle times and opening new markets.

858 • Royal Copystar

Copystar and Royal Copystar compact, desktop and high-volume systems are supported by a nationwide network of skilled sales and service personnel. From the world's third-largest copier manufacturer. Call today.

Pick up your phone.

Dial toll-free 800-597-7363.

Punch in the three-digit code for the advertiser information you select.

Enter your fax number.

Almost before you have time to hang up, your fax machine will be receiving the data you requested.

It's that simple and quick.

Nation's Business is your small-business adviser.

24 hours a day, seven days a week.



881 • American Life Insurance

Help your employees provide for their future with an American Life 401(k) Pension Plan. Fourteen investment options; unlimited allocations; no commissions, transfer charges or withdrawal fees.

864 • Quotesmith Corporation

Provides free insurance price comparisons for consumers and business owners on rates and coverages of 400+ leading insurance companies. Reports for individual term life, tax-deferred annuities, medical, long-term care and Medicare supplement.

856 • D&B Personalized Prospect Guide

Up to 1,000 leads for just $100—Dun & Bradstreet's Personalized Prospect Guide will take the guesswork out of prospecting. Call 1-800-665-5115, ext. 505 to order today.

872 • IBM PC Server

You should choose a network server as if your business depended upon it. Because it does. That's why IBM built an affordable yet reliable PC Server for small business. Call for more information.

865 • MarketFAX

If you are requesting information from any of the advertisers on this page—you are using interactive fax technology or fax on demand. Is this exciting technology right for your business? Find out—call today.

867 • Connecticut Mutual

From The Blue Chip Company: Panorama®* Variable Annuity. Connecticut Mutual's tax-deferred retirement vehicle continues to impress the country's most knowledgeable independent sources. Call today. (*National Distributor: G.R. Phelps & Co., Inc., a subsidiary of Connecticut Mutual.)

861 • Budget Rent-A-Car CorpRate® Program

Start saving money today with the Budget CorpRate® program designed to manage company travel efficiently. Our multi-tiered pricing structure enables customers to design programs that meet their specific rental needs.

862 • National Motorcoach Network

Looking for quality ground transportation? Call the experts, the National Motorcoach Network, serving 100s of cities in 44 states with over 2,000 modern motorcoaches. Call today for your free Network Directory and Pre-Booking Checklist.

887 • The Blue Chip Enterprise Initiative Award

Call for a free application kit and guidelines to help you participate in this nationally recognized small-business award and information-sharing program. Benefits to businesses selected include publicity support and coverage in the Initiative's case history book and video library.

868 • Pitney Bowes

Considering the recent postal rate increase, it's important to keep mail processing cost-efficient. Call and discover how you can avoid "over-posting" expenses with our postal meters and scales.

Nation's Business
The Small Business Adviser

MANAGING

Beyond The Suggestion Box

Smart small businesses find ways to keep their employees' good ideas flowing.

By Michael Barrier

You've seen it hanging on the wall in many a store's back room and in many a small factory or warehouse: the box labeled "suggestions." You know—the empty one covered with dust. When, if ever, the boss checks it, you hear muttering about how "those people on the floor just don't care."

At too many companies, the suggestion box is a visible symptom of a toxic company culture. The box may be empty, for example, because of an unwritten rule that all the bright ideas have to come down from the top. Employees may avoid making suggestions because they know they won't be taken seriously—or, worse, their ideas may even get them in trouble.

"In a company where you see somebody berated for thinking, the ideas are still there. They just never see the light of day," says Martin Baird, president of Robinson and Associates, a seven-employee Phoenix marketing firm. "It's a matter of whether the culture allows them to come out and be used."

There has probably never been a time when it made sense for a company to ignore its employees as a source of good ideas, but with the quickening competitive pressures in today's economy, it makes less sense than ever. The question is: What kind of system will bring those good ideas to the surface and keep them coming? Is a formal structure of any kind really the answer?

It's true that in an open company culture, where managers value and encourage employee participation, the idea of relying on a system to generate ideas can sound a little strange because suggestions already flow so freely in that type of environment.

For example, Sensis Corp., a 130-employee electronics manufacturer in DeWitt, N.Y., doesn't rely on a formal system for stimulating ideas, says CEO Jud Gostin; neither does it offer awards for good ideas, although occasionally, "when people do really extraordinary things, we send them a letter and write them a check."

And yet, Gostin says, the ideas keep coming because "we try to communicate to employees what's going on." When employees are kept informed about a company's plans and prospects, he says, "it's encouraging to see how they come up with ideas"—suggesting, for instance, how a product tailored to one customer's needs can be modified to meet another's specifications.

Such employee involvement has helped Sensis, a defense contractor, weather the slowdown in federal military spending; and that success led to the company's being designated a 1995 Blue Chip Enterprise in the annual competition sponsored by Connecticut Mutual Life Insurance Co., the U.S. Chamber of Commerce, and *Nation's Business*.



Another Blue Chip company, Rheaco, of Grand Prairie, Texas, found that a change to self-directed work teams unleashed a torrent of ideas at the business, which supplies parts to aerospace firms in the Dallas area. President Rhea Wallace Jr. says employee suggestions led to a cut in the "machine time" required to manufacture a brake shoe for the C-130 transport aircraft—a part the company had been making for 25 years—from 3½ hours to less than an hour.

For other companies with a healthy culture, an idea-generating system can serve as insurance when, for whatever reason, the flow of suggestions turns sluggish.

Kacey Fine Furniture, a Denver-based retailer, had been sharing a great deal of information with its 170 employees for more than two years "with an unbelievable amount of excitement and success," says Leslie Fishbein, the firm's president, but last year it began looking for a more formal system because "we weren't really generating ideas from the bottom up."

For companies suffering from a toxic culture, a strong idea-generating system can be a way to turn the culture around if management is sincere about relaxing its grip.

You can encourage employee participation, Jud Gostin says, "either because you believe in it or because you've been told it's a good thing to do, [even though] you don't really believe in it. If it's the latter, it's just like bringing up kids—they know what you're really thinking." And if employees detect insincerity, they won't respond.

During the past few years, around 1,000 companies and other organizations seeking outside help on generating ideas have turned to Boardroom, Inc., a newsletter publisher in Greenwich, Conn. Boardroom offers seminars on what it calls "I-Power," a system for encouraging—indeed, requir-

You're Only 45 Minutes Away From Success.



Executive Seminars in Sound can help you improve your management skills—and your bottom line—fast. Eight audio cassettes deliver practical, proven techniques that you can implement right away.

The 45-minute tapes cover:

1. How To Get Your Ideas Across
2. Your Role as a Decision Maker
3. Better Management of People
4. Mastering the Art of Delegating
5. Making the Most of Your Time
6. Organizing Your Plans and Planning Your Organization
7. Strategies of Moving Ahead
8. How to Live with Your Own Success

Listen in your car, at the office, at home or in your hotel room with convenient tapes in a compact binder. Then inspire your employees, control your schedule and prepare to enjoy your success.

You'll profit for a lifetime from a $95 investment in Executive Seminars in Sound. If you're not convinced these tapes will make your life easier, just return them within 15 days for a full refund. Order your set today.



Try it for 15 days FREE

Guarantee: Send me "Executive Seminars in Sound." If not thoroughly satisfied, I can return it for a full refund.

☐ Check enclosed for $95. Please include $3.00 for shipping and handling.
☐ Bill my credit card: ☐ AE ☐ VISA ☐ MC

Card No. _____ Exp. Date _____

Signature _____ Title _____

Name _____ Company _____

Address _____

City _____ State _____ Zip _____

No P.O. Boxes—UPS Shipments Only

Nation's Business Executive Seminars Division, 1615 H Street, NW, Washington, D.C. 20062
California and D.C. residents, add sales tax.

Call Toll Free 1-800-321-4949

NB0796

Circle No. 13 on Reader Service Card

ing—employees to produce ideas. In I-Power, and in companies that have been successful in stimulating suggestions on their own, there's a discernible pattern for successful idea-generating efforts.

If the tenets of I-Power and those independent efforts were reduced to a few guidelines, they'd read something like this:

Use meetings to light a fire.

It's at meetings, if they're conducted properly, that ideas can ignite productive thinking in one person after another.

Says Stephen Taglianetti, president and chief operating officer of Alga Plastics, a 50-employee manufacturer in Cranston, R.I.: "We would begin to design something without taking into account whether we could actually produce it." Alga now holds meetings on Monday mornings to discuss such new projects, he says, "and we bring production people from all parts of the plant in with our engineers. The ideas that come out are just terrific."

The essence of I-Power is this: Participants are required to come to weekly meetings with at least two ideas in hand. Ken Glickman, who runs the I-Power seminars for Boardroom, emphasized to those attending a recent New York City seminar that "I-Power is not a brainstorming session. We want people to do their thinking in advance."

That may sound a little intimidating, but Marty Baird says such a meeting "is not an energy drainer; it kind of puts energy back."

There are, of course, dangers in meetings, too—mainly that negative thinking will take over. Not all ideas are good, but if bad ideas are knocked down too quickly and vigorously, the flow of good ideas can be blocked, too.

"The worst thing I ever saw in a meeting was when somebody laughed at an idea," Baird says. "As soon as somebody laughs, you've driven a stake through the hearts of probably 70 percent of the people in the room. We're all afraid of being laughed at, especially by our bosses."

As a preventive measure, Glickman advises, "start with your most positive people. Then let the negative people be negative, and just ignore that negativity."

Understand the importance of follow-through.

"If you don't have a system for processing ideas" as well as generating them, Glickman warns, "you're worse off than when you started."

At Alga Plastics—also a Blue Chip company—the participants in the Monday-morning meetings decide which ideas



will be acted upon. A customer-service representative takes minutes, Steve Taglianetti says, "and she follows up with a memo to everyone involved on what the issues were and what we have agreed to follow up on. Everyone knows exactly where we're going."

Many times, he says, the person who has an idea is asked to take the lead in implementing it, "and we make available whatever resources they may need."

But follow-through often can be, and should be, as simple as telling someone whose idea is approved, "Go do it." The boss should not then look over that person's shoulder to make sure the idea is carried out; employees' ideas should not be the pretext for imposing greater control.

If such is the case, the ideas will dry up, fast.

Responding to ideas quickly—approving them, rejecting them, asking for more information—is much more important than keeping track of how, or even whether, every approved idea is implemented, Glickman says.

In the first two months that Kacey Fine Furniture adopted an I-Power program, Leslie Fishbein says, "we had more than 2,000 ideas. There was absolutely no way" to keep track of all those that were approved.

But it doesn't matter if some good ideas fall through the cracks, she suggests, "because if they're good, they'll come up again."

Be cautious about offering large monetary awards.

Such awards can breed competitiveness and secretiveness, Glickman warns; and when such obstacles are overcome, there may be a complementary problem of deciding who really authored an idea.

Sometimes, too, it's difficult to measure the impact of an idea and give an award in proportion to its value to the company.

I-Power calls for making very small awards, but making them quickly, so that there's a direct connection between the idea and the award.

Marty Baird's firm puts things like Phoenix Suns tickets in a grab-bag for people who contribute particularly outstanding ideas, "but it really doesn't come down to the dollar amount," he says. "It's more a matter of being recognized and having fun." Leslie Fishbein says she's leery of offering too much money because "I don't want someone to be looking for just the big idea."

But not everyone agrees that such dangers are very important. Alga Plastics, for example, gives awards of as much as $150, Taglianetti says, and, beyond that, "if they come up with actual production savings, we give them a percentage of the savings."

If awards create competition among employees, he says, "that's a result of poor communication from management, probably, of just what the aim of the program is."

Don't squelch small ideas because they're small.

By doing that, you may discourage someone from offering another idea that could mean big savings—a big idea, or a small idea that may in fact be critical to

To Learn More

Half-day I-Power seminars are held frequently, at locations throughout the country, with the heaviest schedule in New York City. A four-hour seminar costs $175. For information on dates and places, and to make reservations, call 1-800-625-2424.

The principles behind the I-Power system have been laid out by Martin Edelston, founder of Boardroom, Inc., and Marion Buhagiar, a former Boardroom editor, in a book called *I-Power: The Secrets of Great Business in Bad Times* (Barricade Books, $15.95).

"With the Optra line, Lexmark has exceeded HP in quality and value, analysts say." —*M. McLean, LAN Times*

"Lexmark is giving Hewlett-Packard [Co.] a run for the money and will definitely capture some more market share with these printers."—Marco Boer, International Data Corp.

LAN MAGAZINE 1995 PRODUCTS OF THE YEAR

Optra Family

"Add in the stunning quality of the PostScript 1,200 dpi prints and you have an all-around office workhorse or a powerful personal printer."
—PC Magazine, *11/22/94.*

WINDOWS MAGAZINE 1995 WIN 100

Optra Lx

"Lexmark's new Optra series of 12 and 16 ppm network laser printers set new standards for print quality, network capabilities, media handling and price/performance and represent a serious attack on HP's market dominance in network printing."
—John McIntyre, BIS Strategic Decisions, quoted in LAN Times.

PC WORLD BEST BUY

Optra R
February 1995

"The 1200 dpi Lexmark Optra R boasts the best printing this side of typesetting with true grays, flawless hairlines, and crisp reverse type right down to 4 points."
—Eric Knorr, PC World.

NETWORK COMPUTING WELL-CONNECTED AWARD 1995

Optra Lx

"The end result of the [industrial design] team's work is arguably the best-looking laser printer in the industry...from a feature standpoint, the Optra line is unsurpassed."—Charles LeCompte, The Hard Copy Observer.

"The Optra family is a breakthrough. Lexmark has not only introduced new levels of resolution at a remarkable price—but the whole Optra package is a remarkable deal."
—Angele Boyd, International Data Corp.



yes
It runs with NetWare®

For more information about the award-winning quality of the true 1200 dpi* Optra™ laser printer family by Lexmark, call **1 800 891-0411, ext. 400.**

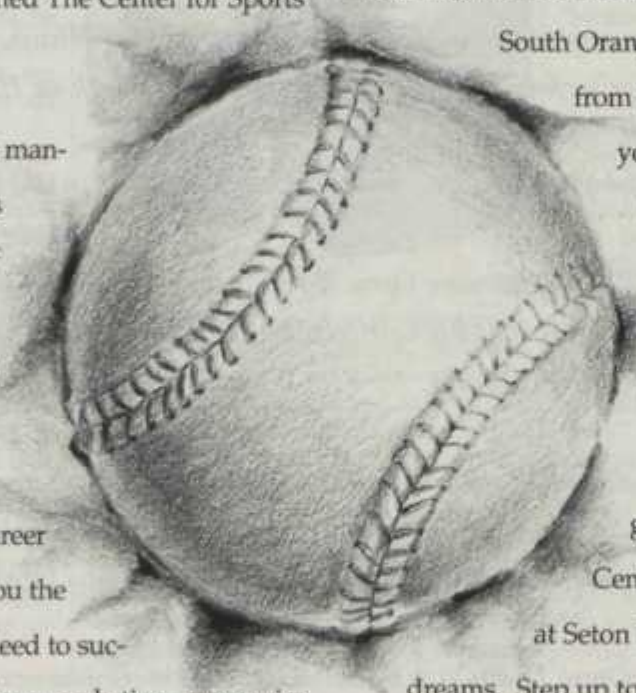
LEXMARK™

ADVANCING THE ART OF PRINTING

*1200 dpi requires additional memory for complex files. All quotes reproduced with the permission of copyright owners. Lexmark products are manufactured under the ISO 9002 approved quality process. HP is a registered trademark of Hewlett-Packard Company. PostScript is a trademark of Adobe Systems, Inc., which may be registered in certain jurisdictions. NetWare is a registered trademark of Novell, Inc. Lexmark and Optra are trademarks of Lexmark International, Inc. ©1995 Lexmark International, Inc.

LEARN TO PLAY HARDBALL IN THE BUSINESS OF SPORTS.

Today, the world of sports is no game. It is a $100 billion industry that needs well-trained business professionals to run it. That is why the W. Paul Stillman School of Business at Seton Hall University has established The Center for Sports Management.



Offering sports management concentrations leading to a Bachelor of Science degree, an M.B.A. or an Advanced Certificate, Seton Hall can prepare you for a wide world of sports career opportunities, giving you the competitive edge you need to succeed. Courses include law, marketing, economics and finance as they pertain to the sports industry. And, you can design a portion of the curriculum to fit your interests in sports-related public relations, broadcasting, advertising, corporate sponsorships, licensing and more.

Highly regarded for its business school and its athletic successes, Seton Hall University, in South Orange, N.J., is just 20 minutes from New York City, offering you a unique educational opportunity in the heart of the global sports industry.

If you have always wanted to combine your passion for sports with a great career in business, The Center for Sports Management at Seton Hall offers the field of your dreams. Step up to the plate now!

Applications are currently being accepted for Fall 1995. Call 1-800-THE HALL.

The Center for Sports Management *at* Seton Hall

College of Arts and Sciences
College of Education and Human Services
College of Nursing
School of Law

SETON HALL
UNIVERSITY
The Catholic University in New Jersey–Founded in 1856

Stillman School of Business
School of Graduate Medical Education
School of Theology
University College

Seton Hall is an equal opportunity/affirmative action institution.

the success of a big idea.

"It's important that you not classify ideas," Taglianetti says. "If an idea is worthy, you act upon it, no matter how large or small it is."

Permit and even encourage anonymous ideas.

In a small business, it's easy for the president or owner to think that because there is constant interaction, there's a free exchange of ideas. But, as Marty Baird says, "you still run into the same barriers you have in a larger corporation. People look at me and say, 'You're the president. I'd better not tell you about this; you might not like it.' We all have a certain fear of reprisal."

Baird suggests circulating a list that recognizes ideas that were submitted anonymously as well as those that were signed.

Ask vendors for ideas, too.

Suppliers know ways to save you money, Glickman says, "but they won't tell you unless you ask the right questions, and you're persistent. It will take them time to trust you."

When he approached Alga's vendors for help, Taglianetti says, "most offered help; some have already sent people in to look at our operation and offer any insight that they could."

> **In staff meetings to generate ideas, "start with your most positive people. Then let the negative people be negative, and just ignore that negativity."**
>
> —Seminar Leader Ken Glickman

One of the greatest benefits of a successful idea-generating program may be that it can give owners and managers a more realistic—and probably more pleasing—picture of the people who work for them. "It's been fascinating to me," Fishbein says, "that the quality of the ideas [submitted by employees] has had nothing to do with education or, frankly, with position in the company."

Now that the flow of ideas "has become part of our culture," Alga's Taglianetti says, "I find that I get ideas when I least expect them, from the least expected places."

Two machinists, for example, stayed all night one Friday to finish an emergency order, and, as a gesture of appreciation, Taglianetti later took them to lunch. "The ideas were just flowing," he says, and one of the machinists proposed to him that the company itself make a part that it now buys and that wears out frequently. Moreover, the machinist said, Alga could sell that part itself, nationwide.

"We're reviewing that right now," Taglianetti says—with the machinist leading the exploration of his own idea.

Ken Glickman suggests that, at bottom, success in bringing employees' ideas to light is a matter of managers' humbling themselves before human nature: "The greatest source of motivation is giving people some input into what they do every day. Someone is about three times more likely to do something when it's their idea than when you tell them to do it." NB

Nation's Business MarketFAX

NEW! Reprints via FAX!

Get the Facts. *Right Now!*

Small-Business Information Instantly Accessible via Fax.

Nation's Business' new **MarketFAX** service gives you quick and easy access to the small-business information you want and need. You can now order current and past articles from *Nation's Business* and receive them via fax ***instantly!***

◆ **Articles Now Available:** ($4.95 per article)

836 **Going Broke:**
- Entitlements and debt interest will soon consume all federal spending—a stark fiscal reality that threatens small firms throughout the economy.

837 **New Directions In Marketing:**
- Technology and demographics are changing the ways businesses sell.

838 **Going Plastic:**
- How to get merchant status for your firm so you can accept major credit cards.

839 **Small Business Financial Adviser:**
- Entrepreneurial retrospective; stock sales; loan approvals; pension-plan property; investment track records.

812 **The Power of Pooling:**
- Voluntary purchasing groups deliver lower health-insurance rates and wider choice for small firms.

◆ **Best-Seller List:**

840 • Find out which articles are the most-requested by over 850,000 *Nation's Business* subscribers. Call now to receive your **FREE** copy of the *Nation's Business* Best-Seller list.

◆ **How To Order:**

To order, call toll-free 1-800-597-7363 and enter the number of the article you are requesting; then enter your credit card number* and fax number. The article will arrive within minutes.

* Visa, MasterCard, or American Express

◆ **Call Now!**



7 DAYS A WEEK CALL TOLL-FREE 1-800-597-7363 24 HOURS A DAY

TRANSPORTATION

Getting Serious About Safe Driving

By Julie Candler

Enough is enough. That's what managers at Curtis Products, Inc., in Woodstock, Ga., decided two years ago after reviewing the firm's traffic safety record. The drivers who filled the national vending company's coin-operated candy machines were involved in too many costly accidents, managers concluded. When Stephen Bir took the job of fleet manager in 1993, his first assignment was to help prepare a brochure spelling out a new safety policy.

The brochure set down tough penalties for unsafe driving. "The driver who gets in an accident that is chargeable to his or her negligence," says Bir, "is charged one-half of the $500 deductible. If there is a second accident within 12 months, the driver is charged the full deductible. It comes right out of their paycheck. After a third accident, drivers are discharged."

The policy got the attention of the drivers of Curtis' 200 cargo vans. "Even though our route people drive about 40,000 miles a year, we haven't had a chargeable accident in eight months," says Bir, commenting earlier this year. "And the last one was a minor backing accident in a parking lot. We haven't had a moving violation such as a speeding ticket in about two years."

Each year, about 20 percent of drivers in fleets across the country have an accident causing property damage, injury, or fatality, according to the National Association of Fleet Administrators, based in Iselin, N.J. But Bir estimates that his firm's accident rate is now about 2 percent. Bir's is one of many companies that are taking a more assertive role in promoting safe operation of fleets.

When a company's vehicle is involved in an accident, the loss is felt in the workplace through medical, administrative, and legal costs, in addition to the costs of vehicle repair or replacement. And the accidents' costs are often reflected in increased fleet insurance premiums.

Damage from a single vehicular collision averages $1,481, according to the National Highway Traffic Safety Administration. The federal agency says total direct and indirect costs of an accident involving injury average $151,387, while the average toll of a fatal accident is $633,836.

"The only sure way companies can keep liabilities and premiums as low as possible," says Ron Starr, vice president of Consolidated Service Corp., "is to keep losses down." The company, based in Elk Grove Village, Ill., offers fleet-safety and maintenance services and also provides management software and educational materials.

Tough Love

Being firm is an effective way of demonstrating to drivers the importance a business attaches to safety. "It makes the drivers feel that the company is concerned," says Josie Sharp, describing the way her company deals with employees who are at fault in accidents.

Sharp is fleet administrator for the 500 vehicles, most of them passenger cars, used by sales and service personnel at Bell & Howell Phillipsburg, in Allentown, Pa. The company produces high-volume mail inserting and folding equipment. At



Fleet administrator *Thomacina Gray of Hercules, Inc., based in Delaware, equips each of the 250 vehicles in her company's fleet with a safety kit, which includes a flashlight, a reflective triangle, and jumper cables.*

Company fleet managers are taking a more assertive role in reducing costly accidents.

quarterly meetings, Bell & Howell Phillipsburg's fleet-safety review committee, made up of Sharp and three corporate vice presidents, analyzes accidents and goes over in-house reports containing the drivers' statements as well as insurance and police reports.

"If they conclude the accident was preventable," says Sharp, "there is a financial penalty of $250 for a first-time mishap in a two-year period. The second time it's $500, and the driver may lose use of a company car. The third time is out."

Whatever the finding, Sharp says, the committee gives drivers involved in accidents written feedback on what they could have done differently or better. "Hopefully, it helps them improve their driving," Sharp says.

The company's policy on drivers convicted of driving under the influence of alcohol or drugs includes not only a monetary penalty but also loss of the right to drive a company car for a year.

The accident analysis and added penalties have reduced the company's accident rate to well below average in the past two years, Sharp says. "I feel that every step we take in the right direction helps somebody out there behind the wheel," Sharp adds.



At Hercules, Inc., a training consultant analyzes some accidents to determine if they were preventable. Thomacina Gray, fleet administrator for the Wilmington, Del., chemical company, says the review helps the employee realize what could have been done to avoid the accident. "It's a wake-up call to the employee," she says, adding that driving records are a key factor in employees' annual reviews.

All of the 250 vehicles in the Hercules fleet that Gray oversees are equipped with dual air bags and anti-lock brakes, and some have cellular telephones. The vehicles are also equipped with $70 safety kits tailored to Hercules' specifications. Included are jumper cables, a fire extinguisher, safety goggles, a first-aid kit, a reflective vest, a flashlight, illuminated sticks, and a reflective triangle.

Safety Devices, Training

Businesses are also becoming vigilant about the functions and proper use of the safety devices such as the air bags and anti-lock brake systems (ABS) that they purchase with their cars and trucks.

"I think company cars ought to include air bags on both the driver and passenger sides," says Richard Prettyman, chairman of the National Association of Fleet Administrators' safety committee. "But an air bag's effectiveness is severely diminished when seat belts are not worn."

Prettyman is manager of fleet operations for the DuPont chemical company, also based in Wilmington. DuPont requires the use of seat belts on company business. For employees, including the 3,500 salespeople who drive DuPont's fleet of Ford Tauruses, "it's a condition of employment," says Prettyman.

A similar policy is in effect at Bell & Howell Phillipsburg. An employee pays a financial penalty if a police report shows that he or she was not following the company policy of wearing a seat belt.

The introduction of anti-lock brakes has proved instrumental in reducing accidents. A study by the National Highway Traffic Safety Administration released in February showed that cars equipped with anti-lock brakes are

involved in fewer fatal crashes than cars not equipped with such a system.

On the other hand, the agency has also found evidence that anti-lock brakes might contribute to driver overconfidence. And it can be dangerous to use the computer-controlled anti-lock brakes incorrectly—such as when the driver pumps the brake pedal rather than applying consistent pressure.

"We were all taught to pump the brakes," says Louis Mene, president and owner of Industrial Training Consultants, in New Castle, Del. "It's something you have to unlearn. I trust the computer to do a more efficient braking job than I could do."

In a recent issue of *Automotive Fleet* magazine, Denise McCluggage, an automotive columnist, describes how anti-lock brakes work: Drivers in emergency situations who push down on the brake pedal, she says, feel a pulsating sensation. The four-wheel electronic brake system is preventing lockup by rapidly increasing and decreasing brake pressure whenever sensors indicate that a tire begins to slide or that wheel speed approaches lockup. The system brings the brake to the point of lockup and then releases it. All the driver has to do, she says, is keep the foot on the brake and feel the system kick in.

"With ABS," she says, "anything other than a hard, steady push on the brake pedal interferes with the way ABS works and can lengthen braking distance."

Says Cameron Speck, Consolidated Service's director of fleet safety: "A lot of accidents happen when people don't handle ABS properly."

For the past two years, Blue Bell Creameries, in Brenham, Texas, has ordered anti-lock brakes as it updates its fleet of 75 heavy-duty International tractor-trucks and 90 refrigerated trailers.

Wayne Winkelmann, Blue Bell's fleet-maintenance manager, says anti-lock brakes are worth the additional $1,400 per trailer. "Our drivers feel more comfortable with ABS," he says. And an added benefit he points to is reduced tire wear.

Leonard Buckman, president and general manager of Rockwell WABCO Vehicle Control Systems, a maker of anti-lock braking systems based in Troy, Mich., offers this tip: "If the trailer starts to swing out," he says, "as may occur if only the tractor is ABS-equipped, then reduce the braking pressure until the trailer straightens out. The ABS will continue to function even when the brakes are modulated. Similarly, if only the trailer has ABS, modulate the tractor's brakes as necessary to maintain control."

Safety and performance improve, Buckman maintains, when both the tractor and the trailer or trailers are equipped with anti-lock brakes.

> **"Each of our drivers goes through a defensive-driving course every three years . . . [The course is] conducted by various training companies for our salespeople."**
>
> —Richard Prettyman, DuPont

Cameron Speck of Consolidated believes drivers of cars and light trucks should go through retraining or orientation when they start using anti-lock brakes. Other safety-oriented fleet managers agree.

"Each of our drivers goes through a defensive-driving course every three years," says Richard Prettyman of DuPont. "The course includes correct use of ABS. We pay $30 for the half-day course conducted by various training companies for our salespeople. Drivers will see films about how the brake pedal pulses."

Outsourced Services

Outsourcing is an excellent way companies are fostering safety awareness. Each driver at Hercules, for example, takes a driver-training course conducted every three years by Industrial Training Consultants. The instruction, says Gray, is tailored to "what works for us," with a segment on driving with anti-lock brakes.

"The sessions include classroom time and a behind-the-wheel session with an instructor and other trainees," she says. "On-the-road instruction is designed to heighten their awareness and prepare them to meet critical challenges."

Another company that offers safety training is Consolidated Service Corp., the fleet-training and maintenance-services provider. Its educational materials for fleets include eight one-hour audio cassette tapes titled "Safe and Sound," which are designed for use while drivers are at the wheel cruising on the highway.

When Consolidated made 5,000 copies of the tape for a client, New York-based Pfizer, Inc., it added an introductory message from Gordon B. West, corporate fleet manager for the pharmaceutical firm. It's an example of how a vendor's material can be combined with input from an in-house manager to get the message of safety across. NB



Circle No. 41 on Reader Service Card

Family Business

Letting go of resentments; maintaining job satisfaction; salvaging a firm amid marital discord.

OBSERVATIONS

The Power Of Forgiveness

By Sharon Nelton



PHOTO: T. MICHAEL KEZA

In his eight years as a family-business consultant, says Mike Henning, he has witnessed the wrath of revenge, sibling hatred, greed, manipulation, misuse of power and control, divorce, and the disinheriting of children by their parents. "In many cases, people have not spoken a kind word—or any word—to each other for years." And sometimes, he says, they cannot remember why.

Now, in a provocative article in his consulting firm's newsletter, Henning suggests that family-business members follow a path of forgiveness. And he's not going to let the idea rest. Henning, founder of the Henning Family Business Center, in Effingham, Ill., says he will address the topic in every issue of his publication throughout the remainder of this year.

I think he's right. Forgiveness needs to be a conscious and essential part of a family business. Every family business. Not just the ones whose wars are so profound that they are fodder for the news media. And I say this with humbleness and respect because I know, personally, how difficult it is to forgive others when we feel we've been wronged and how equally difficult it can be to forgive ourselves.

"Forgive," according to *Webster's New World Dictionary*, means "to give up resentment against or the desire to punish; stop being angry with; pardon."

In *A Little Book of Forgiveness* (Viking, 1994, $12.95), a book that Henning recommends, author D. Patrick Miller speaks of forgiveness as "surrendering grievances." As one step of forgiveness, he says, "Imagine for a while what your life will be like without the sorrow or grievance that has been haunting you." And, he says: "To carry an anger against anyone is to poison your own heart, administering more toxin every time you replay in your mind the injury done to you."

The essence of forgiveness is release, says Miller, a journalist who turned to writing about things of the spirit after a personal crisis. Forgiveness provides healing, Miller says, and letting go of your resentments liberates your energy and your creativity.

And wouldn't that be good for a business? Any family business can hobble along. But to soar, really soar, it seems to me, means breaking the bonds of blame and bitterness.

Here are some "what ifs" to ponder: What if forgiveness was made part of the agenda of your next family-business retreat? What if, perhaps with the help of a trusted facilitator, all of you read Miller's book together and discussed his ideas? And what if the members of your family business did start forgiving one another?

What's Your Story?

Do you have a family-business forgiveness story you'd like to share with other readers? If so, send your story or comments to Sharon Nelton, *Nation's Business*, 1615 H Street, N.W., Washington, D.C. 20062-2000; or fax it to (202) 463-3102. Some of the most interesting responses will be published in a future issue.

PLANNING

How To Stay In Love With Your Job

By John L. Ward and Craig E. Aronoff

Working in your family's business can be the best of worlds or the worst of worlds when it comes to job satisfaction and work motivation.

One successor we know put it clearly: "I'm bored to tears. I haven't done anything new for years!" Another heir said: "What's de-motivating for me is that I never seem to have a chance to get away from it all. I need a break."

Yet many family-member employees find their work "challenging," "pleasant," and "stimulating my creativity."

Such comments are common by all sorts of employees in all sorts of businesses. Some are happy; some are not. We find that family businesses can stimulate tremendous satisfaction or massive frustration for the family members who work in them. But steps can be taken to avoid or minimize frustration.

According to Lilli Pratt of the Career Center at Stanford University's Graduate School of Business, studies of managerial careers suggest three primary requirements for job satisfaction and personal motivation:

- Lots of challenging, new learning.
- Working with people you like.
- Clear boundaries between work and other interests.

With each requirement, family firms



PHOTO: T. MICHAEL KEZA

John L. Ward, left, is the Ralph Marotta Professor of Private Enterprise at Loyola University Chicago. Craig E. Aronoff holds the Dinos Chair of Private Enterprise at Kennesaw State College in Marietta, Ga. They are principals in the Family Business Consulting Group, Inc.

PLANNING

Taking Charge Of Yourself

If you work in your family's business, you must take responsibility for making your job vital and exciting. Here's how:

■ Grab new responsibilities. If you are a young family member who waits until new job responsibilities are formally offered, frustrations are likely to set in.

■ Jump into deep water. Accept challenges and stretch yourself. You'll learn more and do better than you might have expected.



ILLUSTRATION: TROY THOMAS

■ Aim for major job transformation every two to three years, even if your title remains unchanged.

■ Get a broad education and develop diversified interests and skills.

■ Spend some time learning about fellow employees, suppliers, professional advisers, and customers. Ask about backgrounds, outside interests, and work challenges. The more interest you express, the more responsive and satisfying you'll find work relations.

■ Pursue personal interests that have nothing to do with work. Do them without any other family members involved. Make sure you have time and activities that are your own rather than either the business's or the family's.

face special challenges. Next-generation managers need the challenge of frequent and significant new job responsibilities to feel fulfilled at work. A founder who won't delegate or who steadfastly clings to authority and lengthens his or her career can leave family-member employees with little room to grow. As a result, they find fulfillment elusive. Sometimes they get in a rut, repeating the same activities. Sometimes they fear taking new risks or asserting their own leadership.

Because of their own experiences, business-building entrepreneurs should be familiar with the principles of job satisfaction. They have enjoyed the stimulation that comes with responsibility for a rapidly growing and changing business. They enthusiastically describe the intensity of emotion and commitment they've shared with everyone involved in achieving the business's success.

While entrepreneurs often put in incredible hours, they often also cherish family and recreational time. A "work-hard, play-hard" attitude sustains the business and its family members.

Although work demands enormous time and energy, many entrepreneurs make clear separations between their work and other activities. We know entrepreneurs who engage in highly demanding "leisure" activities—like record-breaking bicycle rides across the country—to assure that work stays out of nonwork times. Leisure activities should be sufficiently demanding to drive work thoughts from one's mind.

By striving to assure experiences for successors that are similar to his or her own, a business-owning parent can provide the potential for a highly satisfying and motivating job environment. That means lots of creative, responsible decision-making opportunities; the chance to interact with stimulating co-workers, including some recruited by the successor; and encouragement and understanding of the pursuit of some nonbusiness activity.

These circumstances can be made available as part of a thoughtful, comprehensive succession program in a family business. Nonetheless, recognizing that opportunity, much less implementing it, remains all too rare.

Ultimately, successors in family firms should not depend on their parents to provide the conditions for job satisfaction. Career development is too important to be left to others. Each family-member employee should take responsibility for his or her own satisfactions and success. ■

MARK YOUR CALENDAR

July 12, Washington, D.C.

"Developing a Succession Plan" is the topic of an executive breakfast of the American University Family Business Forum. For information, call (202) 885-1915 or fax (202) 885-1916.

Aug. 2, Nationwide

"Planning for the Next Generation: Your Future and the Future of Your Business" is a free satellite seminar featuring *Nation's Business* columnist John L. Ward and sponsored by the U.S. Chamber of Commerce and Edward D. Jones & Co. To attend in your area, call Kathy Strange at 1-800-441-1384.

Aug. 17-20, Aspen, Colo.

"The Aspen Family Business Gathering" covers such topics as planning succession, negotiating complex family matters, and dealing with success and wealth. Call Marjorie Hilts at the Aspen Family Business Group at (970) 925-8555.

Oct. 11-14, St. Louis

"Family Business: Gateway to the Future" is the theme of the annual conference of the Family Firm Institute, an organization of family-business owners and of professionals who serve family businesses. Keynote speakers include John S. Butler, professor of sociology and management at the University of Texas and author of *Entrepreneurship and Self-Help Among Black Americans: A Reconsideration of Race and Economics.* For information, call the Family Firm Institute at (617) 738-1591.

Dec. 1-4, The Bahamas

"Hit Your Goals; Beat Your Competition!" is a cruise-ship seminar on planning for family firms and small businesses. It is sponsored by Organizational Communications, a firm based in Westerlo, N.Y. For information, call Richard Polk of Captain Cruise, Inc., at 1-800-347-3933.

How To Get Listed

This list of family-business events features national and regional programs that are open to the public. Send your item three months in advance to Family Business, Nation's Business, *1615 H Street, N.W., Washington, D.C. 20062-2000.*

FAMILY BUSINESS CASE STUDY

A Marriage—And A Business—In Crisis

To hear Jennifer tell it, she *is* the business. She is the one who is organized, the one able to make difficult decisions and deal with uncomfortable situations involving employees.

"Frank could never do what I do," she says of her husband. "He wants people to love him and tries his best to placate the employees, which counteracts my authority."

Frank and Jennifer Riley own Riley Studios, a group of four photography studios with 30 disgruntled employees. They have both been married before, and both have adult children from those marriages. Jennifer feels that Frank has spoiled his children, and she becomes angry when she feels they are not being held accountable for their actions. Her children, she says, have been trained to be very accountable.

None of their children have worked in the business—by choice. They find it difficult to understand how Frank and Jennifer, once so compatible, now appear totally at odds in both business and family matters. The couple seem to fight all the time—so much so that many of their valued employees have left the company. Other employees have given notice and will be leaving soon. Frank has tried to dissuade them with the stopgap effort of giving large bonuses, a solution that Jennifer adamantly opposes.

Their bickering has created a crisis in the business and in their personal relationship as well. For the first time, they are seriously contemplating a divorce. "But if we get divorced," Frank asks, "what are we risking beyond our marriage?"



ILLUSTRATION: TROY THOMAS

Building On Differences

In this situation, a business, not only a marriage, is at risk. If Jennifer and Frank divorce, what will happen to their business? Can it be split in half and still survive? If not, what will happen to the 30 employees? Can either Frank or Jennifer afford to buy out the other?

Running a business with a partner can be tricky. If your partner is also your spouse, there can be other problems and conflicts. And you can't escape them by leaving work—they follow you home!



PHOTO: DOUG LOREMAN

Karen L. Vinton, associate professor of management, Montana State University College of Business, Bozeman, Mont.

One struggle centers on their differing management styles. Jennifer is an organizer, and Frank is a "people" person. They should see their styles as complementary. Both partners must recognize that different management approaches can be appropriate for different situations. It's possible that their success is a result of the fact that, as a team, they bring together the flexibility of two styles; alone, operating with just one style, neither might be as effective running this company.

Since Frank and Jennifer were compatible at one point, counseling may save both the marriage and the business. They should work together, with a counselor, to address the responsibilities each would have in the firm, given their respective strengths. They should also learn more-effective conflict-resolution skills. Instead of bickering in front of the employees, they should set aside times each week to meet with each other and discuss business issues. Then they could appear more united to the employees.

Correction: June's Case Study comment by psychologist and consultant William "Chip" Valutis was accompanied by the photograph of another family-business expert. *Nation's Business* regrets the error.

An Even Split Might Be Best

The classic power battle that exists in the Rileys' marriage has extended into the business because of the partners' extreme differences in style, from both a management and a financial standpoint. Their differences have affected how they deal with their employees and how they have managed the children from each of their marriages.

Without the ability to move away from their extreme positions toward a compromise, they are now on the brink of an explosive situation.

Unfortunately, divorce not only takes its toll on personal relationships, children, family, and finances but also can go a long way toward destroying a family business.

If Jennifer and Frank proceed with a divorce, they have several options concerning future ownership of Riley Studios. They can sell the business to a third party; one spouse can buy out the other; or they can divide the business evenly, with each taking two studios as his or her own separate company. An even split would probably be the best method—then each could run a company as he or she sees fit. The future would decide who would succeed.



PHOTO: GRANT BARTHELDREW

Stephan Tow, of Stephan Tow and Associates, financial advisers to family-owned and entrepreneurial businesses, in Sherman Oaks, Calif.

Usually, couples do not realize that it took both of them to build the company and that neither may be able to survive in business alone. In this case, Jennifer would more likely have a better chance of success because she runs her business on a results-driven basis.

But with the styles of these two parties being so extreme, splitting the business may give both more time and energy to focus on their own children and business without the drain of the time and energy they have spent in fighting each other.

This series presents actual family-business dilemmas, commented on by members of the Family Firm Institute and edited by Georgann Crosby, a consulting partner in the Family-Business Roundtable, a consulting organization in Phoenix. Identities are changed to protect family privacy. The authors' opinions do not necessarily reflect the views of the institute. Copyright © by the Family Firm Institute, Brookline, Mass.



APPLY FOR
THIS AWARD.

YOU KNOW
YOU DESERVE IT.

SO DO FRIENDS AND
COLLEAGUES.

BUT THERE ARE
THOUSANDS OF

BUSINESS OWNERS
ACROSS AMERICA

WHO OUGHT TO
KNOW YOUR STORY TOO.

ENTER THE 1996 BLUE CHIP
ENTERPRISE INITIATIVE.

The Blue Chip Enterprise Initiative® honors businesses that have met extraordinary challenges and emerged stronger. Winners will be honored for their accomplishments with an award and inclusion in a nationally distributed guide for business owners. To qualify, your business must be for-profit, with from five to 300 employees, and must have been in continuous operation for three years. Applications must be received by 10/13/95. For information, call 1-800-FOR-BCEI. Or to apply, simply fill out the form on the following page.

Connecticut Mutual
The Blue Chip Company®

Nation's Business
The Small Business Adviser

© MCMXCV Connecticut Mutual Life Insurance Company, Hartford, CT

THE BLUE CHIP ENTERPRISE INITIATIVE® AWARD

Every small business has a success story to tell, and we want to hear yours. Tell us how you made your business grow, how you pulled it back from the brink, how you overcame a serious challenge, how you took a risk and made it work – perhaps against all odds. To share your story, all you have to do is enter the Blue Chip Enterprise Initiative® Award which recognizes and rewards exemplary small businesses — small businesses like yours.

The rewards for sharing

You'll receive recognition in your community, as well as valuable publicity and networking opportunities for your business. Plus, we'll share with you dozens of other success stories that might be a source of ideas and inspiration to your business. All applicants will receive a free book and video series profiling the winners of the 1996 Award.

You'll be honored, recognized and publicized!

Four businesses in each state will be designated "Blue Chip Enterprises" and honored at regional award ceremonies nationwide. From among these state designees, four will be selected as "America's Blue Chip Enterprises" and honored at a national recognition ceremony in Washington, D.C. All state and national designees receive extensive publicity, mention in *Nation's Business* magazine, a free one-year membership in the U.S. Chamber of Commerce. And, up to 52 each year are profiled on "First Business," a nationally syndicated morning news program produced by the U.S. Chamber of Commerce and sponsored by Connecticut Mutual.

Who can apply

Any for-profit company which has been in business for at least three consecutive years and now employs 5 to 300 people may apply. Subsidiaries of companies with total employment in excess of 300 employees are not eligible. Independently owned franchises are eligible. All applications require the signature of at least one of the company's principals.

How to apply

Complete the form on the reverse side of this page and mail it to:

Blue Chip Enterprise Initiative, P.O. Box 2048, Hartford, CT 06101-8452

For questions, call 1-800-262-1626.

The deadline

All applications must be received by October 13, 1995.

THE APPLICATION

Business Profile

Company name

Owner's name and title

Company address

City, State, Zip

Business phone | Business fax

Alternate contact name | Phone

Type of business (i.e., manufacturing, retail, service, etc.)

Brief description of products or services

Number of employees | Year established | Owner's signature

Competitive Challenges Facing Your Business

Use a separate piece of paper. Please do not exceed 500 words. Describe the major challenge(s) that threatened your business. This may include competition, loss of clients, economic downturn, loss of key personnel, lack of qualified workers, natural disaster, product obsolescence, or other factors. Describe the impact this challenge had on your business.

Your Solution And the Results

Use a separate piece of paper. Please do not exceed 500 words. Tell us about your solution(s) by describing the resources you used to overcome your challenge(s). We are looking for insights into the management of your company's resources, including Quality Assurance, Marketing, Human Resources, Community Relations, Financial Management, and Technology. Also, please describe the changes in your company's performance as a result of implementing your solution(s).

Thank You for Taking the Initiative

We thank you for taking the time to share your success story with us. Judging will be done by an independent panel of business experts. As you know, the goal of the Blue Chip Enterprise Initiative is to recognize and reward exemplary small businesses. It's also to create an information resource and library of real-world examples to help strengthen America's competitive business edge at home and around the world. Thank you for being a part of that effort.

The Blue Chip Enterprise Initiative is sponsored by Connecticut Mutual Life Insurance Company, the U.S. Chamber of Commerce and *Nation's Business* magazine.

THE BLUE CHIP ENTERPRISE INITIATIVE

Connecticut Mutual
The Blue Chip Company®

©1989 Connecticut Mutual Life Insurance Company, Inc., 140 Garden Street, Hartford, CT 06154

Nation's Business
The Small Business Adviser

ENTERPRISE

You Can Win For Losing

For many companies, applying to become a Blue Chip Enterprise counts as much as actually becoming one.

By Sharon Nelton

BioTex Environmental Corp., an engineering and consulting firm in Houston, didn't do it. Neither did CTS/Unitel, a telecommunications company in Bloomfield Hills, Mich. Nor did DAT Services, a Beaverton, Ore., trucking-industry service company.

Even though they all tried, none became a Blue Chip Enterprise in the annual Blue Chip Enterprise Initiative program. Just the same, their owners say, applying for the honor made them winners anyhow. That's because going through the process made them take stock of their companies in ways they hadn't done before and initiate changes for the better.

"It's like doing a business plan, only on a much smaller scale," says BioTex's owner, Teri Hada Mathis. "It forced me to be introspective about what I was doing and why, about the competition in the marketplace and what they were doing."

In applying for the award in 1993, Mathis says, she wanted to describe how market-oriented her company was, but "the reality was distinctly different than my idealistic idea of what we were doing. So I began to focus more on the marketing after I did that, and the results were extremely positive."

The five-employee company, she says, has done increasingly better each of the past five quarters.

Because of their experiences as applicants, business owners like Mathis encourage other entrepreneurs to apply for the Blue Chip award. The deadline for applications for the sixth annual awards is Oct. 13.

The main benefit of applying for the award, says Monika Edwards Harrison, who has been a national judge in the program for two years, is that doing so gives small-business owners a new perspective on their own success.

"I think business owners are sometimes so busy doing what they do that they don't realize what tremendous odds they have really overcome, and they don't take as much pride [as they could] in what they've been able to accomplish," explains Harrison, who is an associate administrator for business initiatives at the U.S. Small Business Administration.



PHOTO: ANGEL HOWELL—GAMMA LIAISON

BioTex Environmental Corp. *owner Teri Hada Mathis: Applying for Blue Chip honors "forced me to be introspective about what I was doing and why, about the competition in the marketplace."*

The Blue Chip program, which recognizes small businesses that have overcome tough challenges and emerged stronger, is sponsored by Connecticut Mutual Life Insurance Co., the U.S. Chamber of Commerce, and *Nation's Business*. As many as 200 small companies are selected annually as state or regional Blue Chip Enterprises. The four most exemplary companies, to be determined by a national panel of judges, will be honored as national Blue Chip Enterprises at ceremonies in Washington, D.C., in February and will be profiled in the April 1996 issue of *Nation's Business*.

In addition, about 50 of the most outstanding companies honored will be featured on "First Business," the small-business weekday morning TV news program produced by the U.S. Chamber and Connecticut Mutual. The "First Business" profiles will be collected in a three-cassette video library, and the case histories of all the 1996 honorees will be made available in book form. (See the box on Page 48.)

All designees are honored at regional ceremonies, and many receive extensive publicity locally and nationally. (For the profiles of the 1995 national Blue Chip companies, see "Learning Curves, Growth Curves," in the April issue of *Nation's Business*.)

Any for-profit company with five to 300 employees that has been in continuous operation for at least three years is eligible. Application information is offered on Page 45 and also can be obtained from many state and local chambers of commerce or from Connecticut Mutual associates nationwide. Or call 1-800-FOR-BCEI (1-800-367-2234). All applicants will receive a free copy of the book and video library.

Applying for the award, however, may be reward enough in itself. An applicant not only must supply a business profile but also must describe the major challenges the company faced, the solutions that were used to meet those challenges, and the results.

CTS/Unitel is a company that installs and services business telecommunications systems. Owners Stanley and Joseph



PHOTO: ESAWIN FABIO—BLACK STAR

CTS/Unitel *owners Stanley Stevens, seated, and Joseph Stevens involved employees like Anne Marie Nadolski and Sherrie Lamourex in the application process.*

Stevens, who are brothers, say that going through the Blue Chip application process two years ago turned them into more-professional managers and prompted them to do strategic planning that they might not have otherwise done.

"It caused us to reflect upon which decisions we made that were correct, which ones we made that were incorrect, and do an analysis of why the decisions that were correct were correct," says Joe Stevens, vice president. "And it aided us philosophically in terms of making decisions going into the future."

They found that one of their strengths was their emphasis on thorough training of employees. By drawing key people into the application process, they also discovered that their employees had some impressive ideas. So, for the first time, they began to involve employees in strategic planning. Such planning "was done strictly at the top levels," says Stan Stevens, president of CTS/Unitel, which has 51 employees and annual sales of more than $6.5 million. "Now we're incorporating the ideas of other people within the organization."

Going through the exercise of writing a Blue Chip application, says DAT Services' president, Al Jubitz, "causes a thoughtful person to stop and think about how are we addressing these issues, how are we preparing the company for future challenges." DAT is in the load-posting business. The company electronically posts notices of available freight-hauling jobs so the notices appear on monitors in truck stops throughout the country.

Jubitz says that since applying for the Blue Chip award in 1992, he has made several significant changes in the way he runs his business. He has upgraded its technology, for example, and has created teamwork that in turn has eliminated barriers between sales and credit functions—a move that he says cut bad debt in half.

Jubitz credits these changes in part to having gone through the Blue Chip process. His company has grown from 96 employees in 1992 to 180 today. Sales are expected to hit $22 million this year, and Jubitz is aiming for $50 million by the year 2000.

What makes a Blue Chip application stand out? Monika Edwards Harrison says that as a judge at the national level she looks for not only an applicant's perseverance in dealing with a crisis but also the person's creativity in overcoming difficulties. Here are some other tips for applying:

■ **Involve your employees.** They'll come up with good ideas, and their participation will educate them about your company and your industry and get them to think about how the company can prepare for the future.

■ **Review tapes and books on previous designees.** For such resources, check your local chamber or Connecticut Mutual office, or call 1-800-FOR-BCEI.

■ **Look beyond the obvious.** Every business owner faces obstacles such as difficulty in getting financing or being dropped by a major supplier, Harrison says. She suggests thinking harder about what the real obstacle was and trying to identify it.

■ **Provide sufficient detail.** It's not enough to simply write that your solution was to obtain a loan. While judges don't want to read 100-page applications, Harrison says, they do want applicants to demonstrate their "creativity in fashioning the solution for a particular problem."

■ **Write the application yourself** rather than have someone else do it. Your own words are likely to have more "heart."

■ **Allow sufficient time.** BioTex's Teri Hada Mathis says hers took about six hours.

■ **Type the application or use a computer.** Don't write in longhand; judges might find it virtually unreadable.

Mathis plans to apply for the Blue Chip award again. "Operating a small business is such a challenge," she says. "It takes a lot of creativity. It takes a lot of nerve. It takes a lot of self-discipline. And it's really great to be recognized or to be given the opportunity to do this." NB

Tough Lessons The Easy Way



The hard lessons learned by the 1995 honorees in the Blue Chip Enterprise Initiative are now within easy reach of other small-business owners. The stories of this year's more than 160 designees are told in a new book, *Insights and Inspiration: How Businesses Succeed.*

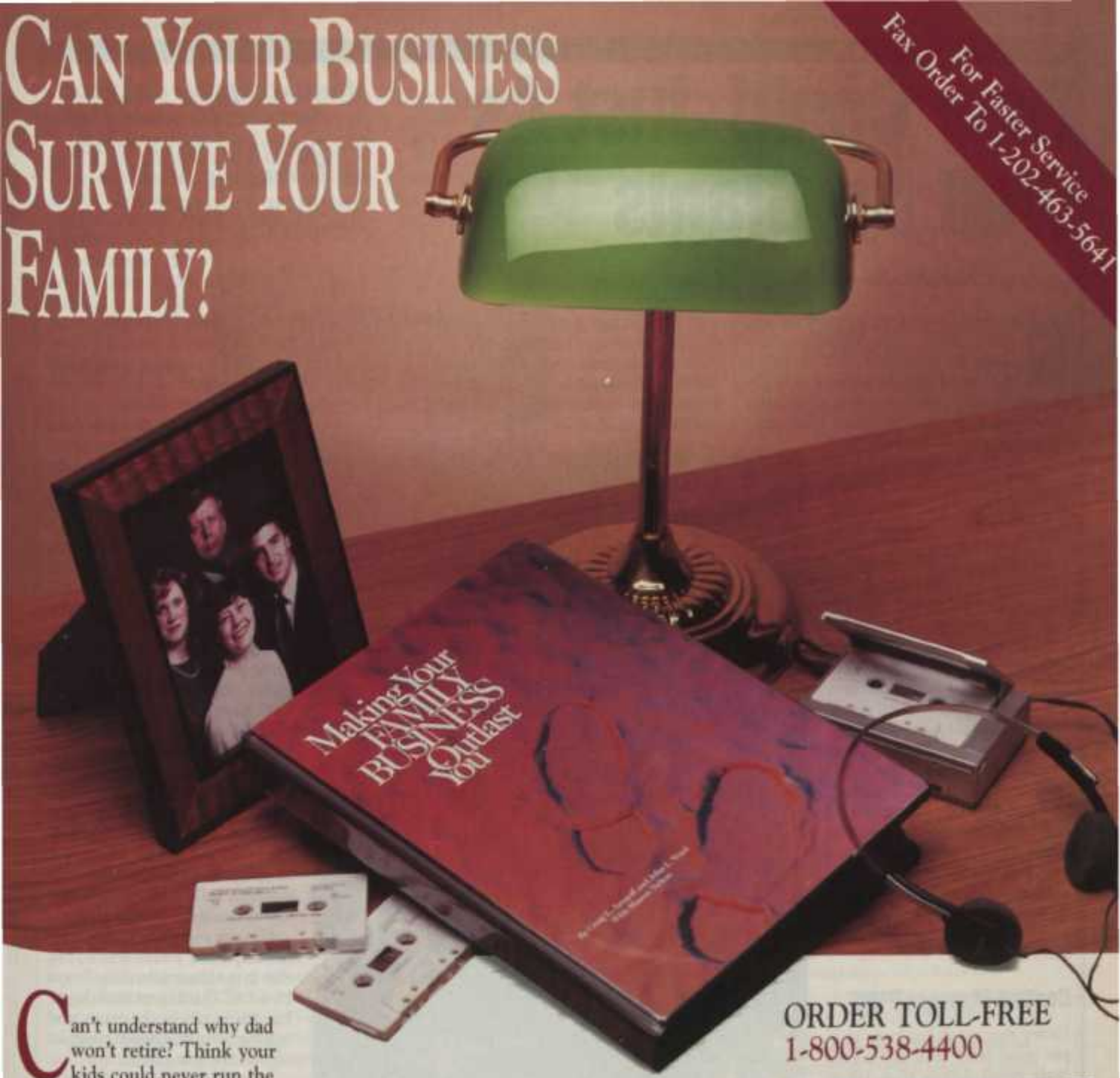
In the works is a companion, the 1995 Blue Chip Enterprise Video Library. The three-volume set provides case histories of about 50 of the top Blue Chip companies from across the country. The profiles are taken from "First Business," the nationally syndicated small-business morning newscast produced by the U.S. Chamber of Commerce and Connecticut Mutual Life Insurance Co.

The book and the video library help the Blue Chip Enterprise program meet one of its goals: to share the success stories of the honorees so that other small businesses can benefit.

To order the book ($8.95) or the videotapes ($20 a volume, $50 for the set of three), or to obtain further information on the Blue Chip Enterprise Initiative, call 1-800-FOR-BCEI, or 1-800-367-2234.

CAN YOUR BUSINESS SURVIVE YOUR FAMILY?

For Faster Service
Fax Order To 1-202-463-5641



Can't understand why dad won't retire? Think your kids could never run the company? Worried how the family business will survive?

"Making Your Family Business Outlast You" can help ensure that your business is passed on successfully to the next generation.

Developed by three of the country's leading family business authorities, the six-cassette audio program and "how-to" workbook gives you insights and techniques on:

- Communicating Your Family Business Vision
- Understanding Your Family and Managing Family Conflicts
- Managing Your Family Business
- Raising Your Children For Leadership
- Preparing and Implementing A Succession Plan
- Finding and Using Advisers and Directors

Half of all family businesses risk failure because they don't have a succession plan—don't let yours become one of them!

Nation's Business

ORDER TOLL-FREE
1-800-538-4400

Send to: Nation's Business, Circulation Dept.
1615 H Street, N.W.
Washington, D.C. 20062-2000

Send me:
"Making Your Family Business Outlast You"
❑ Enclosed is my check for $99.00
❑ Bill my credit card: ❑ AE ❑ MC ❑ VISA

Card # _____ Exp. _____

Signature _____

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

CA and D.C. residents add appropriate sales tax. NB0795

Circle No. 44 on Reader Service Card

SOFTWARE SPECIAL REPORT

They Could Just As Well Be Giants

Many computer software products let firms enjoy the pluses of being small while reaping benefits common to larger companies.

By Ripley Hotch and Jon Pepper

Business software is growing up. While most of the advertising focuses on programs that make up the big office suites (principally bundlings of word-processing, spreadsheet, database, and graphics functions), other programs address specific business tasks. These products allow small companies to preserve the advantages of smallness while reaping some of the benefits more common to larger companies that can afford appointment secretaries and human-resources departments.

Business owners and managers may not realize the number and variety of affordable programs available. While it would be impractical to try to list the hundreds of specialized programs that might help small companies, here is a sampling of some of those valuable aids that deserve your consideration. The programs are grouped in the categories of contact manager/personal information manager, analysis tools, human resources, and miscellaneous.

Contact Manager/PIMS

Every day, small-business people must tend to many seemingly small details that, taken together, are crucial. To streamline operations, many rely on contact-manager software or personal-information-manager software (PIMS).

Contact-manager software is primarily sales-oriented. A key function is the compilation of a record of the company's dealings with customers. PIMS, meanwhile, is oriented toward individual time management, organizing the paper that might otherwise clutter your desktop.

In many ways the two categories overlap; both usually manage calendars and logs of contacts' names and addresses, as well as dial the telephone.

Either way, the products are valuable in freeing up time to address other issues and in making sure important details don't fall through the cracks.

Contact-manager software, says Freddie Piro, owner of Ocean Entertainment, a recording studio and independent record label in Burbank, Calif., "helps us follow through all aspects of our work, from production, manufacturing, and release of our products, through the marketing and advertising of our records to radio stations and distributors."

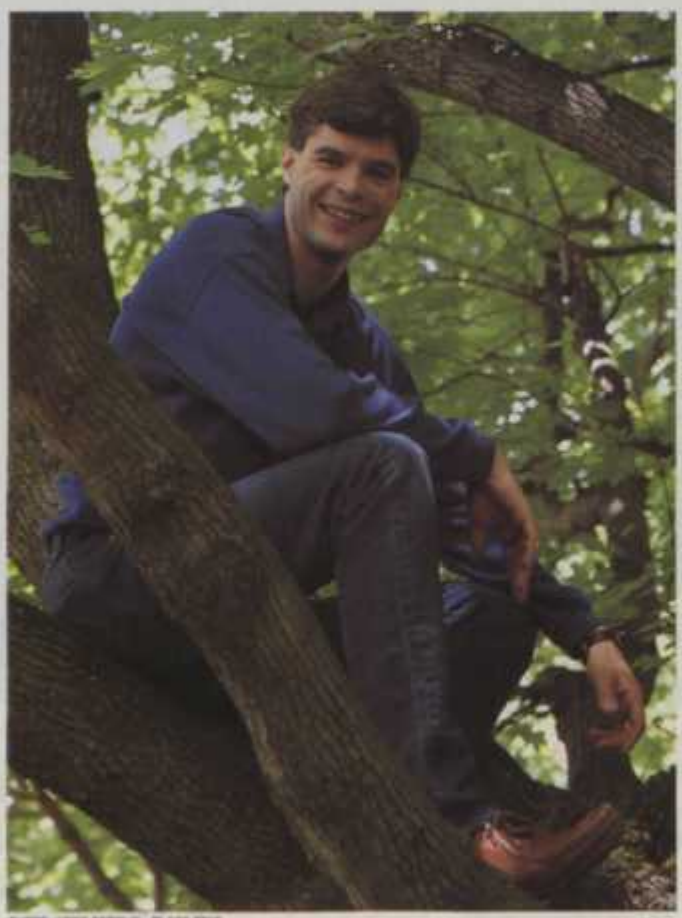


PHOTO: STOW SOBOLIK—BLACK STAR

Wood-products consultant *George Carter of New Jersey says software helps him manage people, projects, and time.*

Piro uses **ACT!** It's a $189.95 program available in Mac or Windows versions from Symantec (1-800-441-7234), and it's the best-selling contact manager.

With a staff of about 10, Piro is intent on making the most of employees' time so his company can compete effectively with record labels that have far larger staffs. The company has all of its computers linked via a local area network (LAN), and ACT! works over the network so contact data can be shared.

"We are certainly trying to be as lean and mean from a staffing standpoint as we can," Piro says. He adds that using the contact manager to coordinate all the firm's telephone sales and other activities means "the whole business is really in the software."

Whenever an employee decides to call a recording artist, radio station, outside vendor, or other contact, ACT! can dial the phone, log the call, and enable the employee to enter notes about the conversation and a date for follow-up action.

When the follow-up date arrives, ACT! will notify the user that certain calls are to be made, and it brings up not only phone numbers and addresses of the contacts but also the dates of previous calls and notes of what was discussed.

"It is important for us to know not only what we need to do but also to get those jobs done," says Piro. "ACT! is important in keeping track of our business and helping us to implement what we say we are going to do."

Piro had tried other programs before settling on ACT! He had also attempted to convert a spreadsheet program to handle the tasks for which ACT! was designed. At this point, Piro says, "we are very happy with how this works, and we've made a commitment to this program for our business."

The results, he says, have clearly been positive: "I think it has made a real big difference for us in keeping things moving smoothly, and, even using it on a day-to-day basis, we haven't come to the point where there is something that ACT! doesn't do for us."

Other contact managers and PIMS to consider:

DateBook & TouchBase Pro Bundle; Adobe; 1-800-888-6293; $89.99; Mac.

Lotus Organizer 2.0; Lotus Development Corp.; 1-800-343-5414; $99; Windows.

Ecco; Arabesque; 1-800-457-4243; $189.95; Windows.

Sidekick 2.0; Starfish Software; 1-800-370-8963; $50; Windows.

Telemagic; Telemagic Inc.; 1-800-835-6244; $499; Windows.



Analysis Tools

From managing employees to writing a business plan, more and more of the needs of small-business owners are being addressed by varied software. George Carter, principal at Carter & Affiliates, a marketing consultancy in Oradell, N.J., uses **ManagePro,** a program that helps his smaller firm accomplish as much as one with far more employees. (The program is available from Avantos Performance Systems, 1-800-282-6867, for $299 in Mac or Windows versions.)

Carter's firm, specializing in the wood-products industry, has two full-time employees and numerous part-time and contract consultants. With coordinated modules that handle managing people, projects, and time, ManagePro is the software that ties together the various aspects of Carter's business.

"I knew that I needed a better way to corral all the thoughts and different parts of projects and things that I need to think about and plan," says Carter. "We have a number of different consulting clients and perform similar tasks for each one, but all the tasks happen in different time frames, of course."

ManagePro combines some aspects of a database, a personal information manager, and a scheduler into a single program. When Carter gets a new client, he can simply enter the goals, requirements, dates, and status into a template that looks like a spreadsheet, and the program keeps everything in order.

Carter can view any tasks to be accomplished according to client, responsible person, or other criteria.

Before acquiring the software, Carter had tried to use some PIMS and spreadsheets, "but nothing quite clicked for me," he says. That comment is perhaps a reflection on the very individual nature of software—what is comfortable for one user simply may not work as well for another even though the two make essentially the same demands of it.

What particularly impresses Carter about ManagePro is that when he turns on his computer, the software scans the database and provides a list of daily to-do's. "I really liked that idea," he says. "That was precisely the type of management help I was looking for."

Now, he says, he can enter data once and forget about it until the day ManagePro indicates some action needs to be taken or some task completed.

And, as his company grows, Carter says he is confident he can use the software to help manage additional personnel more effectively. "I think I'll be able to schedule their tasks and get an overview of the whole company—who needs to do what when."

Other planning and analysis products to consider are:

FastTrack Schedule 3.0; AEC Software, Inc.; 1-800-450-9786; $299; Mac or Windows. Schedules activities and projects.

Inspiration; Inspiration Software; (503) 245-9011; $129.95; Mac or Windows. A visually based planning tool.

Buy-Out Plan; MoneySoft; 1-800-966-7797; $595; Windows. Helps develop a business-acquisition feasibility analysis.

ESOPlan; MoneySoft; 1-800-966-7797; $695; DOS. Determines the feasibility of an employee stock-ownership plan.

LenderPro; MoneySoft; (619) 689-8341; $495; Windows. Aids in preparing financial statements and loan applications.

Business Plan Pro; Palo Alto Software; 1-800-229-7526; $149.95; Windows. A guide for starting a business.

PlanMaker; Power Solutions for Business; 1-800-955-3337; $129; Windows or Mac. For creating a business plan.

Incorporate! Unabridged Software; (713) 662-7630; $69; Windows. Details the steps of incorporation.

Human Resources

What small-business owner with employees has not felt as if he or she were handling hot pokers with bare hands when it came to evaluating employees? Or writing an employee handbook? Even simple tasks that don't involve discrimination statutes or fair-hiring practices can

Family Firm Institute
1995 Conference

Family Business: Gateway to the Future

Adam's Mark Hotel
St. Louis, MO

October 11-14, 1995

Academic Host:
Saint Louis University



Plenary Keynotes

Future View: Daniel Burrus, Burrus Research Associates, Inc.

Facing the Future: Putting the Family Business at the Center of Communities: John Sibley Butler, University of Texas

Exciting Pre-Conference Workshops on philanthropy, consulting to family businesses and dealing with gender issues

Stimulating Educational Tracks covering Business Issues, Education, Family Relationships, Global Issues, Multi-Racial/Multi-Ethnic Family Business Issues, Practice Management & Wealth Management

The Family Firm Institute is an international professional organization dedicated to assisting family firms by increasing the interdisciplinary skills and knowledge of family business advisors, educators, researchers and consultants.

For more information contact:
The Family Firm Institute
12 Harris Street
Brookline, MA 02146
617-738-1591
617-738-4883 (FAX)

still be painful time-consumers. Bill Welch, a branch manager for Terminix Pest Control in Dallas, handles evaluations for 18 employees. For a long time, he says, "The biggest thorn in my side was doing performance reviews." As a personal-computer enthusiast, he welcomed **Performance Now!**, a $129 Windows program from KnowledgePoint (1-800-727-1133).

The program has reduced the time it takes Welch to do performance evaluations. Some time has to be invested at the beginning to tune it to your organization, to get everyone entered, and to bring in past evaluations.

Welch is particularly pleased that it keeps the manager from using the wrong kind of language in reviews: "It's not going to correct you," he says, "but it will make sure that the language is always consistent, and what you have identified as safe can certainly be incorporated into all of your reviews."

Performance Now! has also saved the company money, according to Welch. When he had to discharge a couple of employees during his first year of using the Performance Now! software, he found it helpful in providing substantial supporting documentation to prove to the state unemployment commission that the terminations were for cause.

Welch always recommends the program in management classes he attends. "It doesn't seem to be an item that a lot of small businesses are aware of, but they certainly were positive when I explained it to them," he says. "If you're a small business that never has been involved in any kind of performance evaluation, you can take the stock items and get up and running very quickly."

Other human-resources programs of interest:

Visual Staff Scheduler; Atlas Business Solutions; 1-800-874-8801; $149; Windows. For staff scheduling in businesses with eight or more employees.

PeopleScheduler Plus; Adaptiv Software; (714) 789-7300; $149; Windows. For employee profiles, time and attendance records, time-away planning, and work scheduling.

Workers Compensation Consultant; International Business Saveware; (604) 873-2331; $59.95 for the DOS version, $99.95 for Windows. Calculates costs and suggests ways to reduce them.

Employee Appraiser 2.0; Austin Hayne; 1-800-809-9920; $129; Windows. Employee evaluations.

Avantos Review Writer; Avantos Performance Systems; 1-800-282-6867; $129; Windows. For employee evaluations.

Descriptions Now! KnowledgePoint; 1-800-727-1133; $129; Windows. For writing job descriptions.



PHOTO: MARK PERLSTEIN

Human-resources software *made performance reviews less of a headache for Bill Welch, a Terminix manager in Dallas.*

Miscellaneous

The variety of programs is beginning to match the variety of small businesses. If you can think of a function that would be helped by automation, somebody has probably done it or is working on it. Some programs help you move toward the paperless office, some try to help you organize your messy hard drive, and others help you keep track of time.

For a service-based business that bills for time, **Timeslips 5** is a real boon. (The program, from Timeslips Corp., 1-800-285-0999, is $299.) A kind of cross between a PIM and an accounting program, Timeslips allows anyone in your company who bills for time to record time according to different rates and services. It also allows anyone to prepare bills and keep track of receivables.

Andrew Canamella, president of CompuAccounting Systems, Inc., in Coral Springs, Fla., has been using Timeslips since 1989. His eight-person company installs and configures computer accounting systems, and the firm relies entirely on time billing. Each employee enters his or her time, the system collects the data, and a printout is produced at the end of the month. "There's no effort in producing the bill," says Canamella. And bills are prepared "one hour into the first day of the next month."

Canamella says Timeslips, which he also installs for other clients, shows him his cash position, his firm's work in progress, work that hasn't been billed yet, the amount billed for each activity each month, and comparisons from year to year. "You can use it for managing your business," he says.

Such programs often find unusual uses. One of Canamella's clients is a law firm that exercises guardianship for a large number of senior citizens. Because of the sensitivity of such guardianships, those at the law firm "save everything," Canamella says. They push the memory capacity of the program to the limits because they save about 3,000 slips a week. For them, Timeslips is more of a documentation tool than a time-billing tool.

Other programs include:

OnFile; Software Publishing Corp.; 1-800-234-2500; $49; Windows. A file organizer.

Survey Pro; Apian Software; 1-800-237-4565; $695; Windows. Business-survey software.

Information USA; Infobusiness; 1-800-657-5300; $49.95; Windows CD-ROM. U.S. government data.

QuickXpense; Portable Software; 1-800-626-8620; $99.95; Windows. Expense-report manager.

OmniForm 1.0; Caere Corp.; 1-800-535-7226; $399; Windows. Converts scanned forms into electronic forms.

Accent Express; Accent Software; 1-800-535-5256; $59; Windows. Multilingual word processor.

PhoneDisc '95 Power Finder; Digital Directory Assistance Inc.; 1-800-284-8353; $249; DOS, Windows, and Mac CD-ROM. A phone-number and address finder. NB

How to choose a charity to invest with

When you plan your giving to a charity, you can get more than just the satisfaction of supporting a cause you believe in. You can actually gain some financial benefit for yourself. But choosing the right charity is crucial. You want a charity whose work matches your commitment to making the world a better place to live. You want a charity with smart professionals experienced in the world of financial and retirement planning. And you want a variety of philanthropic plans to choose from.

UJA-Federation of New York. A long history of service. And an unbeatable expert staff to help philanthropists of any size.

From as little as $10,000, to complex, hand-tailored philanthropic plans, our experts can work with you and your advisors. Since we appreciate that you are leaving us something for the future, we owe you a solid return, a lot of security and a minimum of risk today.

Life Income Plans. How we help you while you help others.

You can make a real difference in the world while working towards meeting your own personal financial goals. Our programs include tax-wise gifts of real estate and business interests, creative uses of personal property, unique alternatives to private foundations and more. We have plans for protecting your IRA or other retirement plans from tax reduction. And if your personal goal is significant tax reduction or increased income, one of our three life income plans could be right for you.

Our Charitable Remainder Trust pays you an annuity for your entire lifetime or up to 20 years, whichever you choose. After that, the remaining principal goes to be used for the things that are important to you.

Charitable Gift Annuity of $10,000.

AGE	RATE	EQUIVALENT* ANNUAL RATE
65	7.3%	8.6%
70	7.8%	9.2%
75	8.5%	10.2%
80	9.6%	11.6%
85	10.9%	13.4%
90	12.0%	15.1%

*Net rate after tax savings from charitable deduction (assumes combined federal and state income tax rate of 55.7 %)
For people under the age of 65, the Charitable Gift Annuity can be used for retirement planning as well. The annual annuity payments begin at age 65.

Our Charitable Gift Annuity offers added tax benefits. By purchasing a fixed annuity from us outright you are making partially tax deductible contributions. You therefore receive both income benefits and tax deduction benefits. This makes it perfect for retirees and for people planning their retirement.

Our Life Estate Agreement offers you the opportunity to use your home to achieve philanthropic and financial benefits and still keep it as your residence.

Your pick the financial product. You pick the charity.

Regardless of which plan you choose, you can designate your philanthropy to UJA-Federation or to any of our 130 human and social service agencies in the Greater New York area or in Israel.

You can choose to let your money help children in need, the aged or individuals with disabilities. You can provide scholarships or resettle Soviet Jews. Or you can earmark your money for programs in Israel. Whatever you choose, you can rest assured that at UJA- Federation of New York we can find the right financial program for you. And the right cause.

Financial Stability and Philanthropy. Nobody puts the two together better than we do.

To find out how you can meet your personal financial goals and help support a wide variety of charities, make an appointment to see one of our experts today. It could make a big difference in your future. And in the future of the Jewish people.

Department of Planned Giving & Endowments
UJA-Federation of New York
130 East 59th Street, New York, NY 10022 5MS95

For more information or to arrange a free confidential consultation with no obligation, clip this coupon or call Neal Myerberg at (800) 99-PLANNED today.

- ❑ Please call me. I'd like to set up an appointment.
- ❑ Please send me more information about:
- ❑ Life Income Plans
 - ❑ Charitable Remainder Trust ❑ Charitable Gift Annuity ❑ Life Estate Agreement
- ❑ Gifts of Real Estate and Business Interests ❑ Gifts of Personal Property
- ❑ Private Foundation Alternatives ❑ Donor Advised Fund at Jewish Communal Fund
- ❑ Protecting Private or Company Retirement Plans

Name_____
Address_____
City_____ State____ Zip____
Age (optional)____ Tel._____ Best time to call____

UJA-FEDERATION OF NEW YORK
We help 4.5 million people a year. One at a time.



We Have Networking Solutions Lined Up For You.

3M Media Networks has been providing our customers innovative solutions through magazine networking for over 25 years.

Our network combinations offer advertisers a unique way to target their advertising on a local geographic basis to demographic audiences in 150 zip code markets. Each network audience is comprised of discriminating readers who are influential consumers, prospects, and buyers of your product and services.

Whether you're interested in brand positioning or direct response results, let us demonstrate how the reach and frequency of our News, Business, Home, Sports and Action networks can provide extra media weight to your regional campaign.

For a custom proposal, call Peter Quigley, Marketing Director, 203-967-6407, at **3M Media Networks**.

We have networking solutions lined up for you.

3M Media

MANAGING

Gold From Garbage

Recycling is catching on among small and midsize businesses as an effective way to control costs.

By Laura M. Litvan

Aquapore Moisture Systems Inc. seems appropriately based in Phoenix, the Arizona city named after the mythological bird that arose from its ashes: The goods that roll off Aquapore's production lines are made from recycled scrap materials.

The 130-employee company makes a variety of garden hoses from worn-out tires, and this use of these recycled materials has helped Aquapore products wind up on the shelves of environmentally conscious retailers such as Home Depot.

Moreover, three years ago the company decided to take its commitment to recycling an important step further by forming a team of employees to fashion a comprehensive in-house recycling program. Today that program touches everything from white office paper to large clumps of rubber scrap that were once discarded after the manufacturing process but are now recycled into still more garden hoses.

The new effort is adding to Aquapore's bottom line, with reuse of rubber scrap alone saving the company about $9,000 a month. The savings result from lower disposal costs and from a reduction in the amount of raw materials the company must buy, says marketing manager Kerry LePage, who led the employee team that set up the program.

Aquapore is one of a growing number of small and midsized businesses exploring ways to reduce solid waste and recycle whatever they can. Once viewed mostly as an altruistic way to do one's part for the environment, recycling now appears to be catching on as a way to cut costs, industry consultants say.

In addition, recent improvements in the market for recycled materials could bolster the trend. The market had been lackluster in recent years as mandatory household curbside recycling programs spurred a glut of cast-off materials. But now, sellers of recyclable materials are finding their positions more favorable.

In 1994, prices for old newspapers, aluminum cans, white office paper, used plastics, and other materials rose for the first time in several years, according to the Environmental Industry Association, in Washington, D.C. And prices for recyclable materials will probably continue to rise, says Philip Bailey, director of marketing development for the National Recycling Coalition, a Washington, D.C., organization that tracks developments in recycling.



PHOTO: SARAH GERO

Rubber scrap *is fed into a grinder at Aquapore Moisture System's plant in Phoenix. The company uses the material to manufacture garden hoses.*

Generally, however, the real payoffs still lie elsewhere, according to managers at several companies with recycling programs. In interviews, they indicated that the most cost-effective programs couple recycling with a comprehensive plan to eliminate waste before it occurs.

The considerations for companies vary widely according to their operations, says Steve Hammer, president of Hammer Environmental Consulting, in Brooklyn, N.Y. Hammer's small-business recycling consultancy is assisting the U.S. Environmental Protection Agency with a voluntary waste-reduction program for industry.

For example, for companies in the services sector, the typical challenge is to reduce paper use, because white office paper and computer paper typically account for 60 to 80 percent of waste in an office setting, Hammer says. Manufacturing companies, meanwhile, should pay particular attention to ways to reuse or recycle waste that results from manufacturing processes, he says.

What's most important, Hammer says, is that you "focus on whatever the biggest part of your waste stream is. Don't worry about two-sided photocopying if you have a million wooden pallets going out the back door."

Aquapore's experience underscores the benefits a company can derive from such focus. The firm's environmental team examined every area of company operations to find opportunities for waste reduction and recycling. It decided the most important things to address were the chunks of tire rubber—typically more than 30,000 pounds a month—left over from the hose-manufacturing process.

To reuse that waste, the company purchased a $20,000 machine last year that grinds rubber scrap into small pieces that can be used to make more hoses, LePage says. "Now, we don't have any waste from our production process."

In Cherry Hill, N.J., Jeffrey Lucas is

focusing attention on his biggest problem, the proliferation of office paper at Needleman Management Co., a property-management firm. Lucas has made it a mission to reduce paper waste at the 16-employee office since joining the firm as vice president last year, and he has already achieved savings.

Lucas says he was astounded by paper waste in the office when he arrived. For example, when one of the 400 tenants in office buildings managed by Needleman would call to request repairs, Needleman employees would fill out a work order in triplicate. Because only one copy of the order was required, the employees would immediately throw the two bottom copies into the trash.

Lucas quickly purchased one-page forms for work orders, and he wound up getting a year's supply for about 8 percent of the cost of the triplicate forms.

He also pushed workers in his office to begin sharing documents instead of making multiple copies, and employees have stopped using cover sheets for faxes. The white office paper that is used is now collected in recycling bins. "The first thing we always ask is, 'Do we need this?' " Lucas says.

For its efforts, Needleman Management saves on trash-collection costs, which have been steadily rising across the country in recent years. Whenever the company disposes of the contents of a regular trash bin, fees for landfill disposal, called "tipping fees," raise the price of collection to $300, Lucas says. The company pays only $40 for removal of an equivalent amount of white paper. Lucas' goal for 1995 is to save $3,000 by shifting more of the company's refuse away from local landfills to recycling facilities.

"Focus on whatever the biggest part of your waste stream is. Don't worry about two-sided photocopying if you have a million wooden pallets going out the back door."
—Environmental Consultant Steve Hammer

One of the biggest deterrents to recycling has been an overabundance of recycled materials, which far outstripped demand for them. The number of mandatory local recycling programs has soared in recent years, from about 600 nationwide in 1986 to about 6,000 today, says Bailey of the National Recycling Coalition. But there weren't enough companies using those materials to make new goods, which kept the prices for items that businesses might recycle, such as white office paper, relatively low, he says.

Now, however, the situation appears to be changing slowly. More manufacturers have invested in equipment that allows them to use recycled materials. Paper companies, for example, increasingly are investing in "de-inking" machines, which allow them to process used paper for reuse. Such manufacturing changes are driving the improvements in the market for recyclables, says Robert Garino, director of commodities at the Institute of Scrap Recycling Industries, in Washington, D.C.

The notion of trash as a commodity will gain impetus later this year when the Chicago Board of Trade launches a national electronic bulletin board, called the Recyclables Marketplace, which will link buyers and sellers of recycled glass and plastics.

"It's become a real win-win solution," says Bailey. "Recycling is where business and the environment meet." NB

Getting Started In Recycling

These steps can help you put your company on the road to an effective waste-reduction and recycling program:

■ Set up an internal environmental team. Make it responsible for looking at your entire operation to find ways to reduce waste and to recycle. The team should include employees from various departments, such as custodial workers, purchasing agents, engineers, and administrative staff members. Include someone from the sales department, too. Then the sales staff can let customers concerned about the environment know about your program.

■ To bolster employee commitment to recycling, let workers know the program's results. For example, employees are more likely to use their recycling bins if you tell them how many pounds of newspapers were diverted from landfills last month because of their efforts.

■ Small companies with low waste volumes can have a tough time finding recyclers willing to pick up small amounts of materials. Consider forming a pool with nearby small firms to deposit waste in a common container. In addition, your company will be more attractive to a recycler if you separate recyclables carefully.

■ Set a good example. Some small-business managers stubbornly refuse to take part in their own recycling programs, says Steve Hammer of Hammer Environmental Consulting, in Brooklyn, N.Y. Employees' commitment to the use of recycling bins can be sharply undermined by the sight of the boss throwing white paper and aluminum cans in with other trash, he warns. "The boss has to be willing to participate," says Hammer. "That's an example that's very important for people to see."

■ Don't make employee participation in your program unnecessarily difficult. Jeffrey Lucas, vice president of Needleman Management Co., a Cherry Hill, N.J., property manager, took some simple steps to reduce the number of items workers would need to sort, making his in-house paperwork-reduction effort more "user-friendly." For instance, his office switched from using nonrecyclable pink phone-message pads and yellow legal pads to recyclable white paper.

■ Find out the going price for various recyclables in your area. Referrals to waste haulers and recycling facilities could be obtained from small-business owners in your community who recycle. In addition, state environmental agencies and local chambers of commerce are good places to learn about companies that recycle.

■ One good way to keep trash out of your trash bin is to involve suppliers in your plan. Urge them to reduce the amount of packaging they send to your company, or work with them to reuse corrugated boxes or other materials they send your way.

■ Explore the marketplace for office paper and other supplies that are made of recycled materials. Recycled products continue to improve in quality and can be competitively priced compared with virgin products. Among the resources for small-business managers who want to learn about buying recycled goods is the Buy Recycled Business Alliance, which was organized by the National Recycling Coalition, in Washington, D.C. Companies that sign up for this alliance receive a guide to purchasing recycled goods, lists of recycled office products, and a quarterly newsletter. There is no fee to join. Call (202) 625-6406.

KOREA





Korea-U.S. Economic Relations And The New Economic Order

By Taeho Bark

Rapid technological advances and the end of the Cold War have brought about a transformation of the world economic environment. Economic interests have become more important relative to security concerns in domestic as well as international policy agendas. As ideological allegiances have weakened in the wake of the Cold War, regionalism has increased, first in Europe and subsequently in North America.

Considering the emergence of dynamic Asian economies, it has been suggested that today's world economy will eventually evolve into a tripolar system of economic blocs consisting of Europe, North and South America, and East Asia. Globalization has given rise to a deeper economic integration whereby national borders have been rendered meaningless in what many refer to as a "borderless economy." In such an environment, trade in services and information-based goods has flourished, creating new sources of trade tension among nations as a result of a lack of proper multilateral rules. As such, trade competition has intensified, and a great deal of uncertainty has arisen.

The completion of the General Agreement on Tariffs and Trade's Uruguay Round of negotiations and the launch of GATT's World Trade Organization (WTO), however, will strengthen the multilateral trading system. In addition, the progress of the Asia Pacific Economic Cooperation (APEC), which spans North America and Asia, may reduce the risk of the fragmentation of the world economy into three blocs.

Confronted by these changes in the world economic environment, officials in each nation are trying to redirect their economic policies. For example, they aim to enhance the international competitiveness of domestic industries and expand their export markets. Countries also compete to provide a better investment environment for foreign firms.

Korea, for its part, has been trying to cope with these changing conditions in the world economy. Since taking office in February 1993, the Kim Young Sam administration has been carrying out a series of economic reforms. The aim of these reform policies is to create a new mechanism for economic development based on deregulation and open markets. Controls and regulations have been abolished or amended, and the liberalization of trade in goods and services has continued.

The new economic reforms included a wide array of policy measures, covering foreign direct investment, intellectual-property rights, and trade in services. Large parts of Korea's trade-related laws and institutions are also being radically revised to bring them into conformity with multilateral rules. At the same time, Korea is trying to participate in all possible channels of cooperation at the bilateral, regional, and multilateral levels.

In pursuing these reform policies, it is imperative for Korea to work closely with the U.S., still Korea's largest trading partner and a critical source of advanced technologies and foreign direct investment. Simultaneously, Korea has been steadily gaining in importance as an economic as well as security partner of the U.S. Thus, there is great potential for broader bilateral cooperation in a number of areas that will benefit both countries.

Although the current economic relationship between Korea and the U.S. has been basically sound, it is important to note that each country's perceptions of the other have shifted in recent years. Americans no longer perceive Korea as an uncompetitive developing country but as a worldwide competitor without need for paternalistic assistance. They do not fully appreciate Korea's commitment to deregulation, market liberalization, and globalization. Koreans, on the other hand, perceive U.S. trade policy as being somewhat willful and arbitrary. In particular, they think that the U.S. continues to harass its trading partners by seeking its trade policy objectives through multilateral, regional, bilateral, and unilateral means based on its economic power. It is useful for the U.S. and Korean business communities to analyze the sources of this perception gap and means of bridging the divide.



Changes In U.S. Trade Policy

The trade policy of the United States has evolved dramatically from the end of World War II to the present. During the period following World War II, until the 1960s, the U.S. primarily used multilateral channels to achieve its trade policy goals.

The multilateral route was the most appropriate for the U.S. during this period because it had emerged as the dominant economic and military power of the Western world. Since there was little competition for American firms in both the domestic and foreign markets, it was in the best interests of the U.S. to maintain as liberal a domestic market as possible and to push for the lowering of trade barriers in other countries through multilateral means. Furthermore, by pressing for trade liberalization through multilateral channels instead of opting to use more aggressive unilateral or bilateral means, the U.S. avoided frictions that could have jeopardized its hegemony or alienated its allies in the ideological struggle against the spread of Communism.

Thus, although unilateral, bilateral, and regional trade measures were at the disposal of the United States, it was not until the 1980s that the U.S. began to implement these measures more aggressively. One of the main reasons for this departure from multilateral means to achieve trade policy goals was the decline of U.S. economic

KOREA

hegemony. As the era of the United States' overwhelming economic dominance came to an end, U.S. companies began to face fierce competition from such countries as Japan and Germany in both the foreign and domestic markets. Americans, however, were reluctant to admit that the United States had lost its hegemony and its position as the most powerful and influential nation by far, or that American industries had become less efficient than their foreign competitors.

Hence, the U.S. attributed its loss of competitiveness to what some American politicians and businessmen viewed as unfair trade practices of foreign countries. With its share of the export market shrinking and its domestic market facing more and more competition from importers, the U.S. could no longer afford to maintain a liberal trade policy while simply accepting these unfair trade measures on the part of foreign nations. Thus, in order to address this problem of an unfair playing field, the U.S. began to implement more aggressively unilateral and bilateral trade measures, such as anti-dumping and countervailing-duty laws and the now-well-known Super 301 and Special 301 trade laws.

The more frequent and aggressive use of unilateral, bilateral, and regional means on the part of the U.S. by no means indicates a total departure from utilizing multilateral channels to achieve trade policy goals. With the successful completion of the Uruguay Round negotiations and the launching of the WTO, the United States will rely more and more on multilateral means.

Some of the most important items on the Clinton administration's public policy agenda include the revitalization of the domestic economy and the creation of more jobs for Americans. Thus, current U.S. trade policy focuses not only on protecting domestic industries from unfair foreign competition but also on strengthening the domestic economy by expanding exports, deregulating foreign markets, and liberalizing the foreign-investment environment for U.S. firms.

In particular, the United States has targeted several economies—such as Korea, China, India, Indonesia, Argentina, Brazil, and Chile—as big emerging markets, and it is developing specific export-expansion strategies for each of these markets.

In all, the export-promotion plan has been allotted about $3.2 billion in the 1995-96 budget by the Clinton administration. In addition, the United States is supporting particular industries in which it has a comparative advantage, such as agriculture, automobiles, telecommunications, financial services, and audio and visual services, in their efforts to expand into new markets.

Multilaterally, the U.S. will continue to take the initiative and lead discussions within international organizations such as the WTO on such issues as the environment, labor, and competition policies in relation to trade. The U.S. is also trying to raise international consciousness about the need for international rules to govern foreign direct investment.



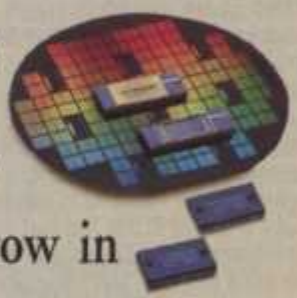
The changes in the trade policy direction of the United States that have been outlined above will have direct implications for Korea. Indeed, the U.S. will utilize all means available—unilateral, bilateral, regional, and multilateral—in its trade relationship with Korea. The U.S. has been placing pressure on Korea to expand its automobile import market. Furthermore, the U.S. has complained about Korea's customs and distribution procedures regarding imported foodstuffs and other perishable items.

The U.S. claims that Korea imposes unfair import restrictions on food and agricultural products, as well as restrictions on the distribution period and shelf life of perishable goods that are much too strict to justify Korea's public-safety concerns. Thus, the United States may use unilateral and bilateral trade measures, such as Super 301 for automobiles and Section 301 for agricultural products, in its efforts to open the Korean market to American imports.

On the regional level, the U.S. will continue to encourage Korea to play an important role within the APEC. In particular, the U.S. will encourage Korea to participate actively in efforts to liberalize the export and investment markets of both Korea and the other economies in the region. Within the multilateral framework of the WTO, the U.S. will resume negotiations on trade in services, which were not completed in the Uruguay Round, particularly in the financial, telecommunications, and maritime transportation services areas. The WTO disputes-settlement mechanism will also be of importance in resolving trade conflicts between the U.S. and Korea.

Thus, Korea expects to receive continued pressure to open its market from the United States through a variety of trade policy channels, especially in the areas of agricultural products, automobiles, telecommunications, and

From Chips To Ships



Hyundai Business Group, with over US$58 billion in sales, continues to grow in a wide spectrum of business areas. From next generation 256M DRAM chips to satellite communications, creating tomorrow's global information superhighway. From a full line of passenger cars to

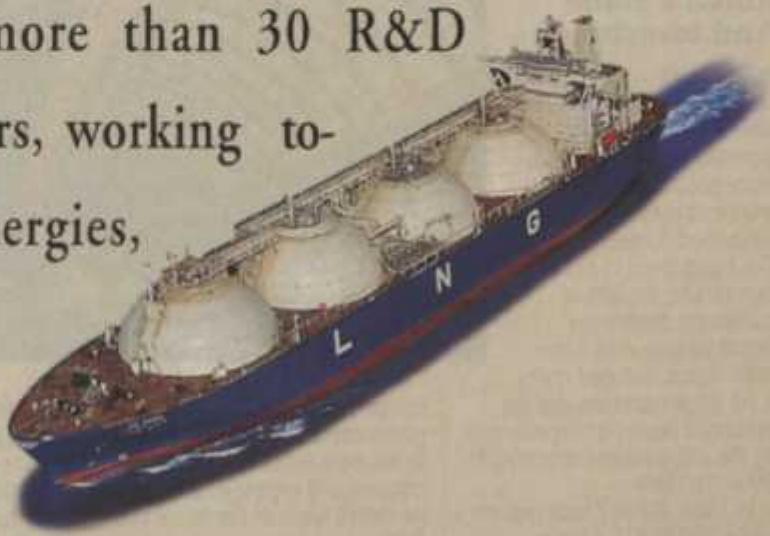


AUTOMOBILES, ELECTRONICS, SHIPBUILDING, ENGINEERING AND CONSTRUCTION, MACHINERY AND EQUIPMENT, PETROCHEMICAL

all types of commercial vehicles. From machine tools to the magnetic levitation train, the ideal mass transit system of the future. From turn-key engineering and construction projects to petro-chemicals with advanced new material. From super tankers to some of the most sophisticated LNG carriers. Hyundai, with more than 30 R&D centers, working together, creating innovative synergies, innovative products.







HYUNDAI

Building A Better World Through Innovative Technology

TRADING AND TRANSPORTATION. Find out how Hyundai can help you : Hyundai Corporation K.P.O. Box 92, Seoul, Korea. Tel +82-2-746-1873, Fax +82-2-741-2341.

KOREA

financial services. The U.S. will also closely monitor the status of intellectual-property rights protection in Korea. However, the relationship between the U.S. and Korea will be characterized not only by trade conflicts but also by economic and diplomatic cooperation. Since Korea is a newly industrialized economy hoping to soon join the ranks of the advanced nations, it supports many of the interests of the industrialized countries within such international organizations as the WTO and APEC.

Furthermore, as a country that has recently been transformed from an agrarian developing economy into an industrialized nation, Korea can play an important intermediary role between developing and developed countries.



Trends In Korea's Trade And Investment

In recent years, goods and services produced in Korea have increasingly been exported abroad, while more goods and services produced abroad are being consumed domestically. The rising trend of Korea's exports and imports is continuing despite the recent decline in its competitiveness, induced mainly by wage increases and the economic recession experienced by the industrialized countries in the early 1990s.

In 1993, Korea's total exports amounted to $72.4 billion, which accounted for about 2 percent of total world exports for that year. Korea's total import volume in 1993 was higher than its export volume, recording $76.8 billion.

Korea's rising trade volume in the international market coincides with its increasing direct investment abroad. This trend has been particularly strong in the 1990s. Korea's overseas direct investment maintained a level less than $200 million in both 1987 and 1988. However, Korea's direct investment abroad is on the rebound in the 1990s, rising to more than $1 billion for each of the last three years, from 1991 to 1993. In contrast to the rapid expansion of Korea's overseas direct investment, foreign direct investment in Korea is staggering after its peak in 1991. However, some encouraging signs are beginning to emerge, as exemplified by the Five-Year Foreign Investment Market Opening Plan announced in June 1993.

With the introduction of this comprehensive plan, the Korean government removed foreign-investment limits in almost every industry and expanded the permitted limits in the remaining ones.

The recent growth of Korea's foreign trade has been driven mainly by increasing interactions with other developing economies. A look at Korea's region-specific export performance in recent years shows that less and less of the goods and services produced in Korea are purchased by developed economies. The U.S. still maintains its position as the largest export market for Korea, but the export volume to the U.S. market has continued to decline following its peak in 1988.

Korea's exports to developing economies, however, tell quite a different story. Exports from Korea to other developing economies are on the rise, reaching more than $40 billion in 1993, similar to the value of exports absorbed by developed economies in the same year. In particular, the Asian market has emerged as the recipient of the largest proportion of Korean goods and services.

A look at Korea's imports of foreign-produced goods and services shows that the United States' and Japan's sales performances in the Korean market still dominate the other countries', but their market shares have declined significantly in recent years. This implies that Korea has recently diversified its sources of imported goods to various regions of the world.

The rise in Korea's direct investment in developing Asian economies accounts for Korea's export growth in this area. Rising investment from Korea has increased demand for Korean-produced capital and intermediate goods, and Korea has actively taken advantage of the situation. Korea has also exploited the increase in income in this area, which has raised the demand for foreign-produced consumer goods.

Changes are also observed in Koreans' overseas direct investment. Korea's direct investment abroad in the 1990s is characterized by an increasing tendency to concentrate in the Asian region.

Traditionally, the final destination of Korea's overseas direct investment has been North America. In the 1990s, attention has shifted to the Asian region. In 1993, more capital flowed into Asia than into North America, with China being the largest recipient country of Korean investment. Unlike investment abroad, foreign direct investment in Korea shows virtually no change in pattern. A look at foreign capital invested in Korea suggests that developed countries are the major suppliers of foreign capital in Korea. Although the EU has increased its investments in Korea recently, the U.S. and Japan are still the largest investing countries in Korea.

Expansion of Korean trade with developing economies, particularly with Asian developing economies, has significantly reduced its dependence on the U.S. market, which has traditionally been the largest trade partner of Korea. There has been a consistent decline in Korea's export share in the U.S. market. Such a decline in U.S. market share coincides with the rising share of Korean exports in the world market.

Although Korea's overseas investments have increased dramatically in the 1990s, much of this capital has been invested in countries other than the U.S. The U.S. share in Korea's overseas investment has declined from 42 percent in 1988 to 29

Who Would've Guessed?

"The World's 2nd Largest Steel Company is in Korea,
And It Will Soon Be No. 1."



POSCO's Satisfied Customers, That's Who!

25 years ago on remote and barren land in the Far East, nobody imagined it would become the home of the world's 2nd largest steel company. But POSCO believed, and with its vision now a reality and a history of bold ambition, POSCO has set its sights on becoming No. 1 not only in capacity and quality, but in customer satisfaction as well.

POSCO

KOREA

percent in 1993. As indicated earlier, Korean firms are showing more interest in Asia, particularly in China and ASEAN, where the costs of production are low and the governments are offering favorable investment environments for foreign capital. As opposed to Korea's overseas investment, the U.S. still maintains its position as a major supplier of foreign direct investment for Korea.

The rapid growth of developing economies, combined with the economic slowdown of industrialized countries, has led to deepening trade and investment relations between Korea and other developing countries. In particular, encouraged by geographical proximity, Korea has been increasingly expanding its relations with developing Asian economies.

Deeper trade and investment relations with developing Asian economies have been followed by the declining dependence of Korea's external sector on the U.S. economy. Nevertheless, the recent decline in the U.S. share in Korea's imports and capital inflows should not be interpreted as a continuing phenomenon.

To the extent to which the U.S. economy strongly rebounded from its economic recession in the early 1990s, Korea's exports to the U.S. will rise in magnitude in the foreseeable future. However, the performance of Korea's exports in the U.S. will likely be sensitive to the cyclical changes in the U.S. economy. The continuous rapid growth of developing Asian economies will induce Korea to expand its trade relations with these countries further, reducing its dependence on the U.S. market. The changing pattern of Korea's international economic relationship demands a re-evaluation of the relationship between Korea and the U.S. It will be difficult to see rapid quantitative trade expansion between the two countries in the future. However, there is ample room for qualitative improvement in the bilateral trade relationship, and thus future economic relations between the two nations should move in that direction. More efforts need to be made to develop industrial cooperation between the two countries, particularly in the area of high-tech industries. By combining U.S. technology with Korea's manufacturing capability, both countries could greatly strengthen their respective competitive positions.



The Evolution Of Korea-U.S. Trade

At the end of World War II, in 1945, Korea was liberated from Japanese occupation after 36 years. At the same time, Korea was divided into two: U.S. forces moved into South Korea, and the Soviets moved into North Korea. This is how modern Korea-U.S. relations started. The two countries fought together to deter Communist aggression in the Korean War from 1950 to 1953. Naturally, the relationship between Korea and the U.S. basically started as a security relationship.

U.S. economic assistance to Korea was vital for the post-war reconstruction efforts of Korea. Throughout the 1950s and 1960s, U.S. economic assistance continued for Korea's economic development. The U.S. provided capital and technology and, at the same time, provided its market for Korea's exports of manufactured goods.

Until the 1970s, there was substantial industrial development driven by Korea's export-led growth strategy. As part of the strategy, import barriers were maintained at high levels, and export subsidies were provided to the private sector. Yet Korea was allowed most-favored-nation (MFN) status in the U.S. market, and the U.S. did not complain about Korea's trade policy.

There can be several explanations for this U.S. response. First, Korea was a poor country, and the U.S. must have felt that Korea needed all the help it could get to escape poverty. Second, Korea's exports to the U.S. were not significant to the U.S. economy. In fact, the U.S. enjoyed a surplus in trade balance with Korea. Third, the U.S. private sector did not have much interest in the Korean market because its purchasing power was not very strong. Thus, U.S. firms did not complain about import barriers in Korea. Fourth, during the period of the Cold War, the U.S. wanted to maintain a very close security partnership with Korea.

The 1980s, however, witnessed a fundamental shift in Korea-U.S. relations. Economic issues became as important as security issues between the two countries. The reason was that the economic conditions of the two countries had changed dramatically from the earlier period. As a result of its rapid economic growth, Korea rose to the status of a newly industrialized country. In addition, beginning in the second half of the 1980s, Korea began to record a trade surplus with the U.S., reaching a peak of $9.6 billion in 1987. As the trade volume between Korea and the U.S. increased, Korean exports to the U.S. became a threat to U.S. firms. Simultaneously, the private sector of the U.S. began to show interest in the Korean market. With its sudden rise in income level, Korea began to emerge as a very promising market for American goods and services. Naturally, economic issues became very important in the bilateral relations of Korea and the U.S.

The first reaction of the U.S. was a defensive one. That is, the U.S. tried to protect its domestic producers from Korean exports in the form of quotas, countervailing duties, and anti-dumping actions. In particular, the U.S. concentrated its efforts on protecting industries that were losing competitiveness making products such as textiles, shoes, color TVs, and steel. By the mid-1980s, however, the U.S. strategy

Ssangyong: Reliability in a variety of business circles.



A corporation's survival depends on its reputation for reliability.

Ssangyong has a 56-year history of reliability. Partners in more than 120 countries depend on Ssangyong and we're doing our best to meet their needs.

Ssangyong's reputation in the fields of international trade, engineering and construction, automobiles, cement, oil refining, investment and securities, heavy industries and machinery, paper, insurance, shipping and information systems has resulted in total sales of US$19 billion in 1994

Our capital and technical cooperation with Mercedes-Benz, the capital venture with Saudi Arabia's Aramco and the construction of over 7,000 deluxe hotel guest rooms in the Pacific Rim are just a few examples of our successful partnerships.

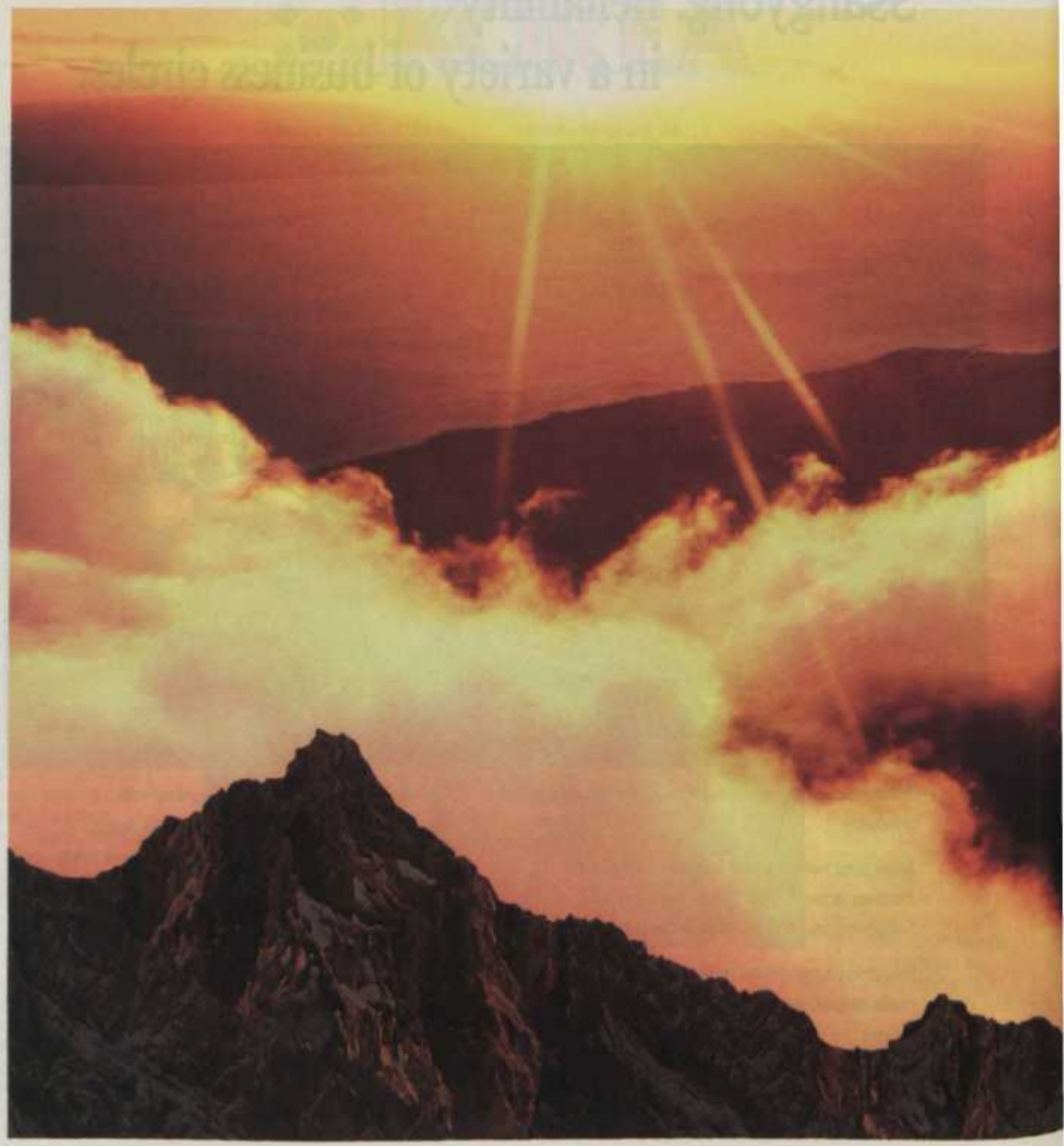
These days, when reliable business partners are hard to find, you need a corporation that builds reliability in a variety of business circles.

We're looking forward to talking business with you.

SSANGYONG

International Trade, Engineering & Construction, Automobiles, Cement, Oil Refining, Investment & Securities, Heavy Industries & Machinery, Paper, Insurance, Computers
•C.P.O. Box 409, Seoul, Korea • Phone: (822) 270-8155 – 8, 270-8130 • Fax: (822) 273-0981, 273-8297, 274-2896 • Telex: TWINDRA K24270, K28215, K28442

The power of change. *Samsung measures it one step at a time.*



Samsung is ready to meet the challenges of a changing world. We've focused our energies into developing key technologies for the future. Advanced semiconductors for imaging and multimedia.



Biodegradable materials that will help preserve our ecosphere.



Transportation systems for land, sea and air. Soon, you'll be driving automobiles manufactured, controlled and



powered by Samsung's technology. With each new product, we are ascending to heights of innovation that will make tomorrow's world a better place for all of us. One step at a time.



The Samsung Group

CCAI, 105 Challenger Rd., Ridgefield Park, NJ, USA 07660 • Fax: 201-229-6058

Electronics: World's First 256-megabit DRAM/TFT LCD Screens/High Definition TV's
Engineering: Aircraft/Passenger Cars/Commercial Vehicles/Electric Cars/ Double-hulled Tankers/High-speed Ferries
Chemicals: Biodegradable Resins/Fine Chemicals

SAMSUNG

© 1995 The Samsung Group

KOREA

became more offensive and aggressive. In a way, the U.S. shifted its policy from an import-restriction to export-promotion policy. In order to promote its exports, the U.S. began to demand that Korea open its market. The U.S. began to exercise more-aggressive unilateral measures. With the threat of using retaliatory actions under Section 301 of the 1974 Trade Act, the U.S. began to put pressure on Korea to open up its domestic market for American goods and services. Trade tensions between Korea and the U.S. reached a peak level during 1988-89, when the U.S. introduced the 1988 Omnibus Trade Act with the Super 301 provisions. The U.S. also demanded that Korea protect the intellectual-property rights of U.S. goods. As a result, under Section 301 and Super 301, the U.S. negotiated with Korea on issues such as beef, insurance, and intellectual-property rights.

Thus far in the 1990s, the two countries have not had a major trade conflict. This, of course, does not mean that the two countries have no trade issues to discuss. In fact, there are many ongoing trade issues that have yet to be resolved. Some of the major bilateral trade issues include the opening of automobile markets, the regulation of meat products' shelf life, an approval system for telecommunications equipment type, and the protection of intellectual-property rights regarding trademarks and computer software.

Yet overall trade relations between Korea and the U.S. during the first half of the 1990s have been rather smooth. This phenomenon can be explained by three factors. First, as a result of a series of negotiations during the second half of the 1980s, Korea has opened up its market for many American goods and services. That is, as far as market opening is concerned, the U.S. has achieved a significant amount of success in Korea. The major concerns of the U.S. in the 1990s have more to do with market access and secondary trade barriers in Korea. However, the problem of market access has also been discussed in the multilateral framework of the Uruguay Round. Thus, bilateral attention to the market access problem has been toned down.

The second factor is that Korea's trade surplus with the U.S., which reached a peak level in 1987, began to decline and even recorded deficits in the early 1990s. In contrast, the U.S. continued to record much larger trade deficits with other major Asian trading partners, such as Japan and Taiwan. In addition, China has become a major trade-surplus country with the U.S. in the 1990s. Therefore, as far as the trade deficit of the U.S. is concerned, Korea has thus far not been a major target of U.S. trade pressure during the 1990s.

Third, in an attempt to improve the environment for business, the two countries have worked together through the Presidents' Economic Initiative (PEI) and the Dialogue For Economic Cooperation (DEC). PEI and DEC were new approaches to bilateral trade talks. In a way, they broadened trade discussions and reduced unilateral pressure and confrontation. PEI covers standards, customs, administrative deregulation, and technology issues. DEC covers broader areas, but the main locus is on reducing impediments to foreign investment flows and improving the climate for foreign investors after the establishment of commercial presences. This effort is an attempt to devote time and energy to more-systemic problems and to avoid resorting to "quick fixes."



As a result, Korea and the U.S. have been able to maintain a rather smooth trade relationship for the past several years and to avoid direct trade confrontations, although many specific trade issues still exist. Recently, the U.S. has been investigating under Section 301 the shelf-life regulation practices concerning meat products in Korea. The U.S. has also threatened to retaliate against Korea's practices with respect to telecommunications equipment type approval.

These individual trade issues are not so great that they threaten overall trade relations between Korea and the U.S. Even in terms of trade volume of these items, they should not have a devastating impact on overall bilateral trade relations. However, the ever-expanding list of these specific trade issues jeopardizes Korea's credibility in trade policy.

In fact, Korea is plagued with a problem of credibility. In the past, the U.S. has accused Korea of not complying with its commitments in agreements between the two countries. For example, the U.S. has accused Korea of not living up to its promises in agreements regarding ongoing trade issues like Korea's beef market, intellectual-property rights, and telecommunications. Korea, on the other hand, has argued that these accusations are the result of misunderstanding and misinterpretation of the agreements. Whatever the truth may be, the important thing is that the U.S. questions the credibility of the Korean government. Unless this problem is resolved and mutual trust is restored between the two governments, trade relations between the two countries will always be unstable.

The U.S. suspects that this problem in Korea is due to the mid- to low-level bureaucrats, not the high-level policy-makers. That is, the mid- to low-level bureaucrats in Korea resist the liberalization and deregulation policies set by high-level officials.

Furthermore, there are more fundamental problems in the trade relations between Korea and the U.S. That is, trade problems between Korea and the U.S. stem from a gap in expectations. The two countries have entirely different sets of expectations on trade issues. The U.S. considers Korea to be an industrialized country and expects Korea to



It's LG. And it's the new name for the Lucky-Goldstar Group. We've been growing for almost 50 years, and as we continuously look to the future, we see a changing world; a world of ample opportunities, a world of challenges to be met with the LG philosophy of blending creativity with advanced technology. We are preparing for the future by renewing our commitment to our global customers; and by building on our major strengths of utilizing the latest technology to create products that enrich your life, making it healthier, safer, more comfortable and more satisfying. Satisfaction has a new face. And LG is ensuring it wears a smile.

LG Group

Chemicals & Energy • Electronics & Semiconductors • Trade & Finance • Construction & Services

KOREA

open up its market rapidly to the level of advanced countries. The U.S. would like to maintain a level playing field with Korea in trade and investment. The U.S. would also like Korea to be more active and show leadership in the international economic arena. On the other hand, Korea still considers itself to be a developing nation and believes that it cannot compete with the U.S. on a level playing field. Therefore, Korea would like the U.S. to be more understanding in terms of Korea's specific position in the international economic arena. Because of this gap in expectations, the two countries' starting positions on many trade issues are so far apart that it is often impossible to reach a compromise.

Korea and the U.S. have been very close economic partners in the past, and they need each other's cooperation more than ever in a rapidly changing world economic environment. However, the two countries continue to mistrust each other in bilateral trade relations. The U.S. suspects that Korea is creating more invisible, informal, and secondary trade barriers in order to protect domestic producers, and it accuses Korea of not following through on its commitments in trade agreements. On the other hand, Korea believes that the U.S. is applying excessive trade pressure to further open up the Korean market in order to increase U.S. exports, even after Korea made a commitment to trade liberalization during the Uruguay Round negotiations. Korea accuses the U.S. of adopting an inconsistent, multitrack trade policy of using unilateral, bilateral, regional, and multilateral means simultaneously.

Taeho Bark is an analyst at the Korea Institute for International Economic Policy, in Seoul.

Lucky-Goldstar Now Known As The LG Group

One of the largest global corporations in the world is changing its name. Lucky-Goldstar, a $48 billion company working in more than 120 countries around the world, will now be known as the LG Group.

Background For Change

For nearly 50 years, LG has been providing quality products to customers in the fields of chemistry, electricity and electronics, trade, finance, construction, and public service. But the world is changing, and LG sees a new world on the horizon—a world with new challenges that will have to be met with creativity and advanced technology.

That is why LG has decided to change its name and its corporate logo. LG is ready for the new challenges that the future will bring, and it wants everyone to know. The entire corporation is moving toward the future as a single unit. LG is renewing its commitment to its customers and concentrating its efforts on using its advanced technology to create products that make life healthier, safer, and more comfortable.

New Symbol's Meaning

In line with its new name, LG has also changed its corporate logo. The new logo, "The Face of the Future," is a circle with the letters "L" and "G" forming a smiling face in the center.

The symbol captures the essence of the new LG Group by encompassing the five characteristics the company is actively cultivating. The five characteristics are: to grow as a world-class corporation; to continue expanding globally; to be progressive in its ideas, management, and products; to look to the future as an opportunity to excel; and, finally, to always put LG's customers first.

In short, "The Face of the Future" symbolizes the company's commitment to meeting the challenges that will face customers in the 21st century and making sure customers are completely satisfied with their LG products.

LG Group Overview

Customer satisfaction has always been extremely important, even from the beginning. Founded as the Lucky Chemical Co. in 1947, LG has grown with its customers for nearly half a century. LG has been the driving force behind the Korean economy as the pioneer and leader in the chemical, electric, and electronics fields. Today, LG, with more than 100,000 employees worldwide, is continuing to meet the needs of consumers.

LG

The symbol ("The Face of the Future") characterizes LG, the new name for the Lucky-Goldstar Group. It captures the essence of the company. We see the new challenges that will face customers in the 21st century, and we're making sure that "The Face of the Future" wears a smile of complete satisfaction!

LG has been an energetic member of the international business world since its first exports in 1953. LG's customers come from all walks of life and from almost every country in the world. With more than 60 subsidiaries and 100 offices around the globe, LG is never far away.

In addition to subsidiaries and offices, LG is also involved in joint ventures and technical collaborations with several other world-renowned corporations, like AT&T, Caltex, EDS, and Honeywell, in the United States; Hitachi, Hugi Electric, and Mitsubishi Electric, in Japan; and Henkle, in Germany.

LG's Future Vision

LG is also expanding its international activities to include developing countries in Eastern Europe, the Middle East, Africa, and Asia. As LG moves into these areas, it is localizing production, marketing, and services. In this way, the group is able to better meet the needs of local customers and also benefit the local economy.

It is the group's firm belief that a company must assist its customers, learn from them, and grow with them. LG is striving to do this by finding out customers' needs and responding to those needs. This is what LG does best, and now with its new name and new commitment, LG will be doing it even better for customers all over the world.

The world is changing, and the challenges of tomorrow are coming, but LG is making sure "The Face of the Future" wears a smile!

Success Strategies That Boost Sales and Profits!



VHS only. Running time 3 hours, 51 minutes. Includes 3 videos and one 48-page workbook.

$249.95
plus $6.00 s/h

If you need to learn more about accounting, finance, and budgeting...here's where you'll find all the answers.

FINANCE FOR NONFINANCIAL PROFESSIONALS

Once you learn to read and analyze financial statements, you'll take a more active part in financial discussions...and make more confident and well-informed decisions in money matters. Budgeting, buying, forecasting, and goal-setting will make perfect sense to you, and you'll be able to deliver analyses and reports that demonstrate your control of your business. This remarkable video series helps you learn every basic nuance of finance, including accrual vs. cash reporting; direct and fixed costs; tests for liquidity, leverage, and solvency; different purposes of budgeting; revenue projections; and more.

How much cash will you need next week, next month, or next year?

UP YOUR CASH FLOW

If you've never had the time or the tools to project cash flow, here's the program for you. Simply answer the questions on your screen about sales and expenses, and out pops a complete financial plan in spreadsheet format... without wasting a moment of spreadsheet set-up time to get it! You can spot trends, run "what if" scenarios, and always know your cash needs in advance.



Computer disk (DOS 5-1/4, 3-1/2 Specify on order form)

$89.95
plus $6.00 s/h

FREE BONUS DISK:
The Household Cash Planner
will help you accurately forecast your financial future.

Quickly locate lenders and investors throughout the USA.

THE FINANCING SOURCES DATABANK

Raising capital is easier than you ever imagined with the *Financing Sources Databank*. When your local bank says NO, this database says YES! It's packed with 2,500 non-bank lenders and equity investors who're aggressively lending money across the country. Includes venture capital firms, small business investment companies (SBICs), commercial banks, equipment lessors, factoring firms, and asset-based lenders. Simply enter your industry, location, and amount and type of capital required. In seconds, you get a list of lenders and equity investors who match your needs. Plus five screens of information on each financing source!



Computer disk (DOS 5-1/4, 3-1/2—for DOS 3.3 or later, 5.5 MB, and 640K RAM)

$139.00
plus $6.00 s/h

Complete a winning proposal... raise capital to launch a new venture, product, or service... write the business plan that will jump-start your company!

BIZPLANBUILDER

Your business plan is how you stay in touch with your goals, potential risks, and likely rewards. And it may be the single most important factor in convincing investors to give you the financing you need. BizPlan*Builder* not only helps you get started, it practically does all the work for you with more than 90 pages of typed and formatted word processing and spreadsheet files...as well as headlines, sentences, paragraphs, tables, and lists to help you produce your perfect business plan. BizPlan*Builder* will help you save valuable time, structure your thinking, and get you the dollars you need...and it will help you no matter if this is your first business plan or your tenth. No mistakes. No consulting bills. No hassle.



126-page reference guide and computer disk (DOS 5-1/4,3-1/2, WINDOWS 3-1/2, MAC) Regular price, $129.00
Your Price:

$99.00 plus $6 s/h



304-page hardcover book.

$32.95 plus $4.00 s/h

Protect your business in any economic climate.

CASH FLOW PROBLEM SOLVER

Many entrepreneurs have the "midas touch" when it comes to creating products and generating sales. But if they can't manage cash flow well, the result may be devastating. A business can overcome the loss of a customer...but it may not be able to overcome missed payroll and payments. If you're an entrepreneur, this proven cash management system talks your language. It identifies the fundamental principles of cash management that *every* business must understand...and it gives you realistic examples and illustrations of how to apply those principles to *your* business. You'll learn the uses and limits of a credit policy, how to manage for profit, methods to reduce the average collection period, and how to build a better inventory management system. Proven tactics that assure positive cash flow.

ORDER NOW!
CALL TOLL-FREE:
1-800-479-4530

Select the accounting software that's perfect for your business!

GUIDE TO SMALL BUSINESS ACCOUNTING SOFTWARE

Here's the program consultants use to help small businesses assess their accounting needs! Now do it yourself using comparative tables that show side-by-side details of general ledger, accounts payable and receivable, inventory control, and payroll. Match the right system to your company by determining the strengths and weaknesses of:

Windows Products	*Dos Products*
Peachtree for Windows V2.0	*One-Write Plus V4.0*
Spectrum (Real World)	*Peachtree V7*
Profit (Great Plains)	*Champion Bookkeeper*
DacEasy for Windows V2.0	*Profitwise*
QuickBooks for Windows V2.0	
Access to Platinum	
CA Simply Accounting V2.0	



140-page guidebook and computer disk (DOS 5-1/4, 3-1/2)
Regular price: $125.00
Your Price:
$99.95
plus $6 s/h



FREE BONUS DISK:
The Requirements Analyst™ decision-support program allows you to assign priorities and score packages automatically.

Cut Review Writing Time in Half!

The acclaimed program for writing employee reviews, evaluations, and appraisals... quickly and easily.

EMPLOYEE APPRAISER

This computer-based program helps managers and supervisors avoid many of the most common performance appraisal mistakes. *Employee Appraiser* gives you access to hundreds of professionally written phrases and paragraphs that can be personalized to fit your people and specific situations. Developed by labor law experts, the glossary checks your documents for inappropriate language and offers advice on how to correct it. The result is better employee evaluations... delivered in half the time.



Computer disk (WINDOWS 3-1/2) Includes over 400 writing samples.
Regular Price: $129.00
Your Price:
$99.95
plus $6. s/h

COMPUTER LETTERS, FORMS, DOCUMENTS, AND AGREEMENTS

SALES LETTERWORKS



308 expert letters that generate sales and profits

No matter what your business is or whom you're trying to convince, *SALES LetterWorks* has the perfect letter for virtually every selling situation. Call up custom-crafted letters on your computer that cover every aspect of selling: creating repeat business, opening doors, dealing with customers, responding to objections, collecting money. *Acclaimed by the New York Times as a product that will "help sell anything."*

372-page book (308 letters) and computer disk (DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC)

$79.95 plus $6 s/h

Works with ALL IBM Compatible and Macintosh Word Processors

LEGAL LETTERWORKS



165 legal forms and agreements

Count the times you've needed a legal form: partnership or corporation papers, brokerage agreement, real-estate lease, contract for sale of goods, a will. Now you can save money on legal fees and avoid time-consuming, deal-killing delays. Just call up the form you want, fill in the blanks as directed, and print a completed form.

452-page book (165 legal forms) and computer disk (DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC)

$79.95 plus $6 s/h

BUSINESS LETTERWORKS*



400 professionally written letters to cover all areas of your business

All software in this section is available for WINDOWS!

If you've ever struggled to tell an employee you're unhappy with his performance, apologize for an employee's rudeness, make an inquiry to a venture capital firm, or any number of situations, then this software will simplify your life. Call up letters covering advertising, suppliers, internal communications...every business situation imaginable.

470-page book (400 letters) and computer disk (DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC)

$79.95 plus $6 s/h

*Formerly LetterWorks

PERSONNEL READYWORKS



160 customizable forms and documents for every phase of personnel management

Now there's help in dealing with some of the most sensitive areas of management: hiring and discipline, health and safety, government regulations, and more. Avoid costly problems and possible lawsuits with customizable forms that cover company policy, benefits, record-keeping, performance appraisals, terminations, confidentiality, and illness.

370-page book (160 forms) and computer disk (DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC)

$119.95 plus $6 s/h

#1 Selling Customer Service Program!

Help your employees give the service that customers respond and return to!

THE POWER OF CUSTOMER SERVICE

Let famed customer service expert, Dr. Paul Timm, give you the inside track on the do's and don'ts of dealing with customer service (skills that benefit the customer *and* the employee!). This how-to-do-it program details:

- The three C's of customer service success: Concern, Communication, and Competence.
- Why customers become dissatisfied and how you can turn them around.
- How to deal with customers courteously and successfully even when you're under pressure.



VHS only. Running time 45 minutes. Includes companion audiocassette and workbook.

$99.95
plus $6.00 s/h

This bestselling, sales-building program can be the key to gaining successful, repeat business. Improve the power of *your* customer service!

Turn every customer into a lifelong client!

50 WAYS TO KEEP YOUR CUSTOMERS



VHS only. Running time 45 minutes. Includes companion audiocassette and workbook.

$99.95
plus $6.00 s/h

We live in an era when buying decisions are being made not nearly as much on the quality of the product...but on the quality of the service that's offered. This acclaimed program—using entertaining and familiar everyday situations—delivers proven techniques that will help employees, managers, salespeople, telemarketers, office staff—everyone!—make customers want to come back for more. *50 Ways* is divided into short segments, making it perfect for employee training sessions...or for easy all-at-once viewing comprehension. This step-by-step system shows you how to deal with difficult customers...and it also helps turn employees into better employees! This is an outstanding program for today's customer-driven economy.

Feel comfortable and in control with any individual or group.

HOW TO MAKE WINNING PRESENTATIONS

You can quickly and easily overcome presentation jitters. With these 30 sure-fire tips, you'll look and act composed... and give each audience (of one or a thousand) exactly what they expect. Learn and apply success tactics used by top speakers to make listeners remember exactly what they want them to...and how to adjust to every audience.



VHS only. Running time 30 minutes. Includes companion audiocassette and workbook.

$99.95
plus $6.00 s/h



VHS only. Running time 30 minutes. Includes companion audiocassette and workbook.

$99.95
plus $6.00 s/h

Make your meetings pay off!

HOW TO HOLD SUCCESSFUL MEETINGS

Meetings can be tremendous time wasters...in fact, most of them are! Here are 30 ways to make every meeting a valuable, productive business tool. Learn how to tactfully prevent someone from taking over a meeting...reinvigorate a stalled meeting...brainstorm whenever needed...dramatically cut the time required for each meeting.

See the customer's point of view and increase your sales!

HOW BUYERS LIKE TO BE SOLD

An important, insightful video program that shows you exactly what your prospects are thinking... and how you can create sales techniques they can't resist. Discover what gets their attention, what turns them off, what makes them say YES. These unique, powerful strategies will dramatically enhance your sales efforts.

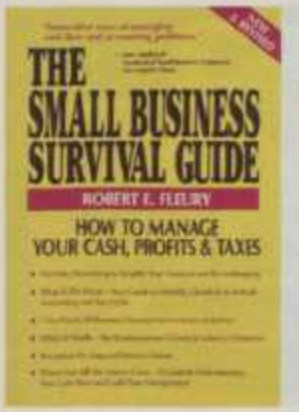


4-volume video set. VHS only. Running time 3 hours, 58 minutes. Includes 32 page workbook.

$179.95
plus $6.00 s/h

ORDER NOW!
HAVE YOUR CREDIT CARD HANDY AND CALL
TOLL-FREE: 1-800-479-4530

ORDER NOW! CALL TOLL-FREE 1-800-479-4530



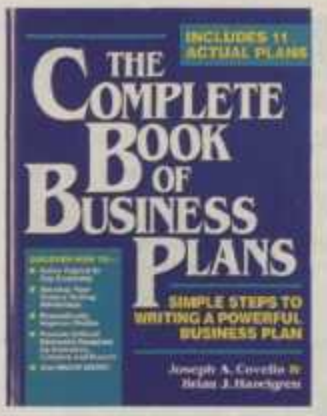
Put your business on the right track.

THE SMALL BUSINESS SURVIVAL GUIDE

An easy-to-follow, easy-to-implement system that covers accounting, taxes, profitability, analysis, cash management, and risk management. Learn the seven key points every small business owner *has to know* to survive.

256-page hardcover book.

$29.95
plus $4.00 s/h



A guide for business start-up or growth.

THE COMPLETE BOOK OF BUSINESS PLANS

Now you can use a proven system that will help your planning process, identify cash needs, obtain financing, forecast and explore alternatives, and evaluate your future. Includes 12 actual working business plans.

328-page hardcover book.

$29.95
plus $4.00 s/h

Nation's Business®

Mail To: Nation's Business, Circulation Dept., 1615 H St. N.W., Washington, D.C. 20062-2000

Order Form

ORDER TOLL-FREE: 1-800-479-4530
OR FAX: 1-202-463-5641

Method of Payment

❑ Check or Money Order Enclosed
❑ Bill my Credit Card:
❑ VISA ❑ MasterCard ❑ American Express

Card # _____

Exp. Date _____

Signature _____

Ship To:

Name _____

Company _____

Address _____

City _____

State _____ Zip _____

QTY	NAME OF PRODUCT	UNIT PRICE	S/H COST	TOTAL PRICE
	Finance for Nonfinancial Professionals	$249.95	$6.00	
	Up Your Cash Flow ☐ DOS 5-1/4 ☐ 3-1/2	$89.95	$6.00	
	Cash Flow Problem Solver	$32.95	$4.00	
	Financing Sources Databank ☐ DOS 5-1/4 ☐ 3-1/2	$139.00	$6.00	
	BizPlanBuilder ☐ DOS 5-1/4 ☐ 3-1/2 ☐ Windows 3-1/2 ☐ MAC	$99.00	$6.00	
	Guide to Small Business Accounting Software ☐ DOS 5-1/4 ☐ 3-1/2	$99.95	$6.00	
	Employee Appraiser ☐ Windows 3-1/2	$99.95	$6.00	
	LETTERWORKS/READYWORKS SOFTWARE:			
	Sales ☐ DOS 5-1/4 ☐ 3-1/2 ☐ WINDOWS 3-1/2 ☐ MAC	$79.95	$6.00	
	Legal ☐ DOS 5-1/4 ☐ 3-1/2 ☐ WINDOWS 3-1/2 ☐ MAC	$79.95	$6.00	

QTY	NAME OF PRODUCT	UNIT PRICE	S/H COST	TOTAL PRICE
	Business ☐ DOS 5-1/4 ☐ 3-1/2 ☐ WINDOWS 3-1/2 ☐ MAC	$79.95	$6.00	
	Personnel ☐ DOS 5-1/4 ☐ 3-1/2 ☐ WINDOWS 3-1/2 ☐ MAC	$119.95	$6.00	
	The Power of Customer Service	$99.95	$6.00	
	50 Ways to Keep Your Customers	$99.95	$6.00	
	How to Make Winning Presentations	$99.95	$6.00	
	How to Hold Successful Meetings	$99.95	$6.00	
	How Buyers Like to be Sold	$179.95	$6.00	
	Small Business Survival Guide	$29.95	$4.00	
	Complete Book of Business Plans	$29.95	$4.00	

Orders outside the U.S.A. and Canada add $25.00 per product for shipping/handling.

SUBTOTAL			
CA & D.C. SALES TAX			
TOTAL			

Your Order is 100% SATISFACTION GUARANTEED or Your Money Back!

NB0795

Small Business Financial Adviser

Poised for success, not just survival; expedited loan approval; your portfolio and the test of time.

If An Entrepreneur Could Do It All Over Again

By Mary Rowland

In 1991, just as Barry Vinocur was feeling pretty good about the work he was doing as editor of a magazine for financial planners, the owner of the company decided he wanted to get out of the publishing business and focus on consulting. "He announced in September that he was closing the magazine with the October issue," Vinocur says. "That didn't give me much time to think through what to do about it."

What Vinocur, along with a couple of other employees, did was to buy the magazine. In retrospect, it was a great move. Early this year, *The Investment Advisor* was purchased from the group of investors by the Dow Jones publishing company for a two-digit multiple of what the former employees paid for it. Vinocur, who still edits the magazine, found himself wondering for the first time in his life how to invest a nice chunk of money.



CHARTS AND ILLUSTRATIONS: GEORGIA LEIGH MCDONALD

From Crisis To Growth

In looking back on how he managed the venture, Vinocur focuses on what he did wrong as much as—if not more than—what he did right. His chief regret is losing control over the direction the business would take. Vinocur puts the blame chiefly on his failure to put into writing key decisions about how the business would operate once it moved out of a crisis phase and into a growth phase.

"When you start out on something like this, you think: 'We'll be lucky if we're in business a year from now,'" Vinocur says. "So you just pull together. You say: 'We're friends. We're going to climb the mountain together.'" The last thing Vinocur expected was that the magazine—and the company—would become wildly successful.

Most small companies that need capital to grow make similar mistakes. Some take on a friend or relative as a "silent partner" who later becomes noisy.

Others go to venture capitalists without realizing they will lose control of the company. "If there is something unique about your business, you can present yourself to a venture-capital group and get money," says Merv Singer, a management consultant in Glenview, Ill. "But then you give up ownership of your company."

Most of those who seek venture capital are unrealistic about what kind of terms they'll be able to negotiate. "Three-quarters of the entrepreneurs who come to us don't belong in the venture world," says Ron Stegall, president of Arlington Equity Partners, a Dallas company that provides capital and management expertise to small companies in trouble. "Most of them want to be their own boss, so they insist on keeping 51 percent of the business," Stegall says. "We tell them: You can keep 100 percent of your business."



There's another option for small-business owners who don't want to give up control or go more deeply into debt: an alliance with another business. "Forming a strategic alliance with a competitor or another company can launch both companies into a growth mode," says Singer.

Singer suggests that small-business owners approach the idea gingerly. An alliance can be put together by a consultant. Or the first meeting might be arranged by a third party, and the two business owners can move on from there. For the alliance to work, the two companies must have different strengths. "One might get to share technology and the other gets to share a sales force," he says.

But in most instances, a cash-strapped entrepreneur is in a hurry and does not focus on the long-term consequences of whatever financing arrangement is made, which is a mistake.

"Everything must be negotiated on the front end," says Kenneth Wenzel, a partner at Bourland, Smith, Wall and Wenzel, a Fort Worth, Texas, law firm that specializes in small businesses. "You still probably won't get everything you want. But at least you know what you're getting into."

In Vinocur's case, the group did not need to go to venture capitalists or make strategic alliances, which allowed the five investors to keep control of the company. But that doesn't mean they saw eye to eye on what should be done.

Three of them remained at the magazine, and two went to work at the former owner's consulting firm. The new company issued 100 shares of stock to



the investors, and the stock was distributed according to the amount of investors' contributions. One of the largest investors—who owned about one-third of the company—did not remain at the magazine. So sometimes his interests were at odds with those of the employee investors.

Vinocur says that if he had it to do over again, he would get everything in writing. Specifically, he would outline:



- How earnings would be handled once the company started to turn a profit. He would have liked an agreement to address how much would be plowed back into the company and how much would be distributed to shareholders. This was one of the areas where the employee/investors and the outside investors had different interests.
- Whether and when a profit-sharing plan would be set up. Some investors believed a profit-sharing plan would be a boon to the business because it would attract and keep good employees; others saw it as an unnecessary expense.
- How any decision to sell the company would be made. When the company became successful, it had a number of suitors. Some investors did not feel strongly about the prospects of working for one purchaser instead of another.
- A formula that would allow the investors to buy—or sell—shares of the company to one another. There was no provision for buying and selling shares between investors, which could have shifted the balance of power.
- A buy-sell agreement that outlined what would happen if a shareholder died, became disabled, or wanted out. Vinocur says he had often read about the importance of buy-sell agreements, but it didn't hit home until he was in that situation himself.
- How compensation would be handled for the shareholder employees, including an incentive-compensation package if they hit certain targets. Although the investor employees carried a lot of the burden of making the business work, there was no real provision for rewarding them.

Being Ready For Success

Small-business owners are often better at generating ideas than negotiating deals. But the two strengths are equally important. Thinking through how you will handle a growth phase—and planning for success rather than just survival—is critical.

"This is the single best investment that any of us ever made," Vinocur says. "We took a company that was moribund and turned it into something quite good and successful. I don't want to sound like a complainer, but my advice to anyone in this situation is: You have to make sure that going into it, when you have some leverage, you negotiate the best deal for yourself.

"When the company becomes very successful," Vinocur says, "it's impossible to put the genie back in the bottle." ■



FINANCING

Small Firms SCOR Easier Stock Sales

Need to raise up to $1 million from investors to make your company grow? It's easier now that 46 state securities commissions have approved a new form of equity financing called a small corporate offering registration, or SCOR financing.

SCOR financing allows a company to raise up to $1 million by selling common stock directly to the public for a price no less than $5 per share. The idea was initiated by the U.S. Department of Commerce in 1990.

Traditional private-placement financing had a number of restrictions imposed by the federal Securities and Exchange Commission that, as it turned out, cut off private equity capital for most small companies, says Jim Twaddell, an investment banker and chairman of Barclay Investments, in Providence, R.I.

For instance, the inability to transfer or resell private-placement stock easily in effect removed liquidity. And, for most private-placement offerings, a limitation of no more than 35 investors meant the deal had to be sliced up into very big hunks, perhaps $50,000 or $100,000—a huge selling obstacle for most brokers.

But a SCOR deal removes these obstacles. Stock can be sold directly by the company without limitations on the number or financial expertise of individual investors. Suddenly, it's no longer necessary to tap into networks of well-heeled individual investors to raise equity capital.

With SCOR financing, friends and family can be brought into the deal for as little as $1,000 apiece—a typical minimum investment—or even less. In addition, it now becomes possible to seek financial backing from suppliers and clients.



Another major attraction of SCOR deals is that companies can establish a trading market for their common shares on NASDAQ's electronic bulletin board, says Charles Bennett, director of corporate financing for the National Association of Securities Dealers, which operates the NASDAQ stock market. Not only can business owners include friends and family in the deal, but also those individuals can sell their shares whenever they want.

"If a state's securities laws will permit it, and in several cases that's a big if," says Bennett, "companies which have completed SCOR deals can trade their common stock on NASDAQ's bulletin board without the expensive and complicated disclosures almost all IPOs [initial public offerings] face." Some states require enough paperwork to make SCOR stock trading prohibitive for smaller firms.

Currently, Alabama, Delaware, Florida, and Hawaii do not accept SCOR financing, according to Tom Stewart-Gordon, publisher of *The SCOR Report*, a Dallas-based newsletter that tracks SCOR deals.

"SCORs are a tremendous opportunity for small companies," Stewart-Gordon says. "I only wish more people knew about them."

—David R. Evanson

The author is a financial-communications consultant and writer in Ardmore, Pa.

BUSINESS LOANS

Getting 'Yes' Or 'No' A Lot Faster

A computerized credit-scoring system that speeds up the small-business loan-approval process is catching on rapidly among the nation's banks. And bankers who have tried it say credit scoring has the potential of increasing the number of loan approvals.

Here's how it works. The credit scoring system applies points to key pieces of financial data that bankers ask small-business borrowers to provide in loan applications, including outstanding debt, repayment history, assets, and credit bureau information. The points add up to a total score that presumably indicates whether a borrower is a good credit risk.



Unlike a more conventional loan-approval process, the scoring system relies heavily on a business owner's credit history rather than on an extensive analysis of a company's balance sheet.

If the borrower earns a passing score, the computer system recommends approval of the loan. A rejection is recommended if an applicant scores below passing. The whole process takes about 30 minutes. For those in the "gray area," the loan officer will take into account a visit to the borrower's company and other traditional credit-screening techniques.

Credit scoring is not a new practice. Bankers have been using it for several years to determine whether to approve consumer and home-equity loans. In addition, a handful of banks have used it for small-business loans.

"Sooner or later nearly all banks will be using credit scoring for small-business loans," says Sandra Maltby, senior vice president for small-business services at Key Corp., based in Cleveland.

Barnett Banks, which serves Florida and parts of Georgia, has had a computerized scoring system for about a year that has rated more than 5,000 small-business loan requests, says Steven Hickman, director of small-business banking. "We are pleased with how credit scoring ranks risk and provides us with an opportunity to respond to the small-business owner quicker," he says.

Before using credit scoring, Barnett approved 47 percent of new small-business loan requests; now it approves 60 percent. "Virtually all of the increase is due to credit scoring," Hickman says.

Helping to make credit scoring more available is new software. One product, similar to what was developed for Barnett Banks, is Score Card, marketed by Fair, Isaac & Co., a San Rafael, Calif., statistical-modeling firm. The scoring system is designed for loans of $250,000 or less. The software was developed in conjunction with Robert Morris Associates, a Philadelphia-based trade association made up of loan officers and credit-risk managers. Seventeen of the association's financial-institution members contributed data.

At least 40 banks are using or plan to use the Score Card system. These include Chemical Bank, based in New York; Key Corp., in Cleveland; and First National Bank, in Chicago.

For the borrower who isn't creditworthy, the scoring system won't make much difference, notes Hickman. "It will be just as difficult for them to win a loan if they have had credit problems in the past."

—Joan C. Szabo

TAXES

Don't Give Property To Pension Plans

If you are thinking about donating land, buildings, or other property to your company pension plan in lieu of cash, think again. The Tax Code imposes severe penalties for such transactions.

A 5 percent excise tax is levied on the value of the donated property for each year such a transaction is on the books, and there's a 100 percent excise tax if the transaction isn't promptly corrected once the Internal Revenue Service notifies you of the error.

There has always been a prohibition against transferring mortgaged property to a qualified defined-benefit pension plan, but it wasn't until the Supreme Court's 1993 decision in the Keystone Consolidated Industries case that an employer's contribution of mortgage-free property to such a plan was also prohibited.

Many employers weren't aware of the court decision and subsequently were caught by surprise after they contributed debt-free property to their companies' pension plans. The IRS recognizes that the violation of the high court's ruling was inadvertent for many employers. Accordingly, the agency has now announced it will provide employers who have fallen into this trap a way to avoid paying late-filing and late-payment penalties, which could be substantial.

To qualify for this relief, the employer must file Form 5330, Return of Excise Taxes Related to Employee Benefit Plans, for the year in which the property was contributed and for each year thereafter. The employer must also pay a 5 percent excise tax on the fair market value of the property for each of these years. "Announcement 95-14" should be written on top of the Form 5330.

Here's the catch: Form 5330 and the payment must be filed before Aug. 22, 1995, to avoid the late-filing and late-payment penalties.

In addition, the employer must reverse the property-donation transaction, if possible, and contribute to the pension plan an amount sufficient to reimburse the plan for any losses incurred as a result of the property contribution and subsequent correction.



The lesson for employers is clear: Don't contribute any property to satisfy your pension plan's funding obligation.

But if you have contributed property, check with your accountant and follow the new IRS procedure to the letter—and make sure you do it before Aug. 22. It will be costly, but not nearly as costly as the late-filing and late-payment penalties.

—Albert B. Ellentuck

INVESTING

How Much Should Your Holdings Earn Over Time?

By Randy Myers

If you think it's hard to figure what your investment portfolio has earned over the past few years—and the financial statements probably won't tell you—try figuring what your holdings should earn over the long term.

Is it the 10.2 percent annual gain averaged by big-company stocks in general over the past 68 years (the longest period for which reliable data are available), or is it the 4.8 percent averaged each year by a portfolio of long-term government bonds during that same period? How about the 35 percent earned by the best-performing mutual fund in 1994? Maybe you should be happy just to keep pace with inflation, which has averaged about 3.1 percent a year since 1926.

Brokers, financial advisers, and money managers aren't in widespread agreement on this seemingly simple question. We recently asked a trio of respected investment professionals what a middle-aged investor saving for retirement ought to expect to earn on a diversified portfolio composed primarily of stocks and bonds.

Our pros included the research director for one of the country's biggest mutual-fund companies, a veteran investment strategist for a respected regional brokerage house, and the portfolio manager of a well-known bond mutual fund. Their answers were surprisingly different.

The research director suggested that such an investor ought to be happy, over time, with an average annualized return of 10 to 12 percent.

The investment strategist was a bit more conservative. "If you could earn 10 percent over the years, you're doing very well," he said.

The bond fund manager was even more cautious. "The center of gravity I would point people toward is the average assumption of large pension funds, which is generally around 8 percent," he said. "As soon as you get to 10 percent or more, you're into highly speculative investments and a rate of return which is not probable for the next 10 years, on average."

The answer is important because it will help you determine how much to save each year to meet your investment goals.

Suppose, for example, that you want to build a $1 million retirement fund. If you base your contributions to that fund on the assumption that they will earn 12 percent a year, you'll be investing far less than you would if you counted on earning only 8 percent.

Figuring out what your investments should earn "is somewhat more of an art than a science," concedes consultant John Wyzkiewicz of Ibbottson Associates, a Chicago-based investment research firm that calculated the returns cited above for stocks, bonds, and inflation since 1926.

Wyzkiewicz notes that while history may be our best guide for future investment returns, even here the data aren't consistent. Those big-company stocks that returned an average of 10.2 percent a year during the past 68 years (as measured by the Standard & Poor's 500 Stock Index) returned a much more impressive 14.6 percent during the past 20 years. Similarly, long-term government bonds returned an average of 4.8 percent over the past 68 years but a healthy 9.4 percent over the past 20 years.

Peggy Ruhlin, a certified public accountant and certified financial planner with Budros & Ruhlin, a Columbus, Ohio, financial planning firm, favors the more recent past as the best available proxy for the future.

"We think that future history is going to look more like 1975 than 1925," Ruhlin says, citing a litany of ways in which the world has changed forever over the past 70 years, from the development of a truly global economy to the advent of such revolutionary products as telephones, automobiles, and computers.

What's a prudent investor to do? Decide which slice of investment history you think is most reasonable as a precursor for the future. Then, says Ruhlin, set out to earn enough money on your portfolio to keep pace with inflation and pay taxes on those earnings.

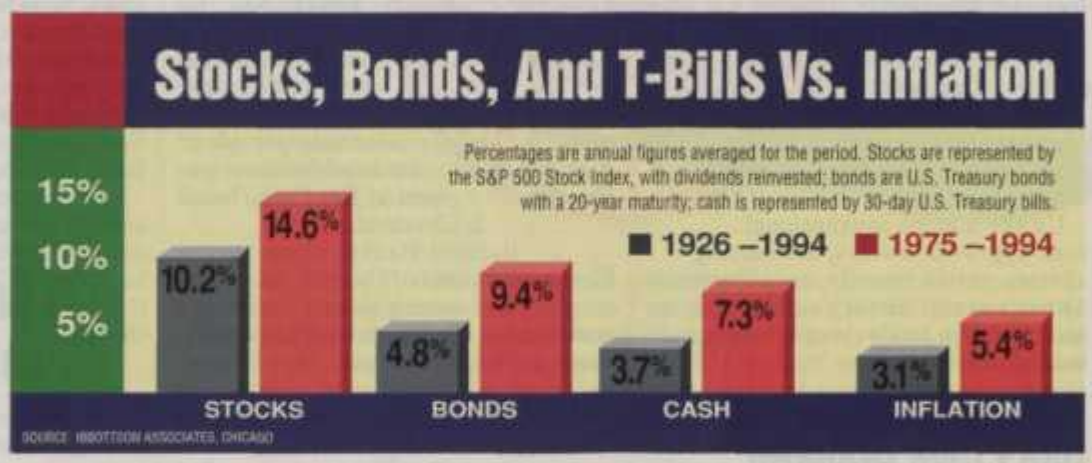
Ruhlin starts such calculations by assuming that inflation will average what it has over the past 25 years—5.7 percent, or nearly twice its rate in 1994. Then she looks at tax rates. If you have a combined federal and state income tax rate of 32 percent, for example, she calculates that you need to earn at least 8.4 percent just to keep pace with inflation and pay taxes on your investment income.

If you're in a higher tax bracket, with a combined rate of 44 percent, you'll need to earn at least 10.2 percent. (To get those numbers, divide the inflation rate by the amount of investment income you'll keep after paying income taxes—68 percent in the first example, 56 percent in the second.)

"It's very detrimental to think about rates of return in absolute numbers, like, 'I need to make 10 percent,'" Ruhlin emphasizes. "It's all relative to inflation. If you make 10 percent and inflation is 17 percent, forget it. But if you make 8 percent and inflation is 2 percent, that's great."

Once you've determined what your investments should earn, you're ready to look again at the historical performance records for stocks and bonds and to begin building a diversified portfolio that you hope will achieve the blended rate of return you've targeted.

You can take comfort in the idea that it's a return based not on hype or wishful thinking but on an objective analysis of the facts. NB



For a reprint of Small Business Financial Adviser, see Page 80. For a fax copy, see Page 37.

To Your Health

Managing well includes managing your own health; here is advice to help you do that better.

By Janet L. Willen

Put Back Pain Behind You

Off and on for 20 years, William B. Erickson suffered sharp back pain. Sometimes it hit him when he bent over to put on his shoes. Other times, long hours sitting at his desk were enough to trouble him. Like many other business people, Erickson, president of Erickson Industrial Products, a Dallas-based company that sells and services boiler and steam equipment, worked while in pain. When it became too severe, he visited a doctor.

Estimates are that 80 percent of the population suffers back pain at one time or another. Usually, no single action is the cause, says Michael Melnik, president of Prevention Plus, Inc., a consulting company in Minneapolis. Back pain can occur when you sneeze, or turn in your chair, or bend down to pick up a newspaper. "Being alive contributes to back problems," Melnik says.

Back pain usually results from a combination of bad habits, normal wear and tear, and heredity, says Dr. James Cable of the Texas Back Institute, in Dallas. Age isn't the only factor. "You can take people over 50 years old off the street, and you'll see degenerative factors, but they won't necessarily have back pain," he says.

Various actions and inactions during the workday can contribute to back pain. Truck drivers, deskbound office workers, and others who maintain static positions put pressure on the lower back, Cable says, and the inaction keeps blood from circulating to the disks in the spinal column.

Lack of motion and bad posture may also affect workers who stand for extended periods, such as barbers and factory workers. Overuse of muscles from repetitive motions, misuse from incorrect lifting and twisting, and bad posture also take a toll on the back.

Nothing can yet deter heredity or aging, but proper body mechanics can reduce the pressure on the back that contributes to back pain. Erickson embarked on an exercise regimen at the Texas Back Institute and received guidance in how to reduce the risk of injury at work. Cable suggests the following steps:

■ Alternate working positions. Sedentary workers should change their positions every 30 minutes or so. They should take a break and stand up, walk around, and stretch forward, backward, and side to side. Standing workers should prop one foot for 20 minutes or so and then the other, stretch while working, and leave their stations and walk around.



PHOTO: CHUCK SAVAGE—THE STOCK MARKET

Back pain *results from a combination of factors, including poor posture, normal body wear and tear, and heredity, doctors say.*

■ Before starting work, deskbound employees should stand and stretch forward, backward, and side to side for five to 10 minutes. Manual workers who lift without stretching increase their risk of injury.

■ Sedentary and standing workers should keep their work material at arm's length to avoid stretching. Sedentary workers should use a chair with a relatively straight back and good lumbar support, like a rolled piece of foam rubber.

Forearms should be level with elbows, knees at hip level, and feet on the floor. A computer terminal should be at eye level to avoid flexing the neck forward. Standing workers should avoid a forward flexed position or arched back.

As significant as behavior, heredity, and wear and tear are in contributing to back pain and injuries, a healthy attitude can be instrumental in reducing risks, says Dr. Howard M. Sandler, president of Sandler Occupational Medicine Associates, Inc., in Melville, N.Y.

People who like their jobs and those who don't have extreme reactions to them are less likely to have back problems, he says. "People under stress or strain tense themselves," he explains, which increases the chances of back injuries and pain.

As bad as back pain may be, it is not always necessary to get professional help. Most people recover in a week or two after a back injury, medical professionals say. They recommend resting in bed for a day or two and then walking a little every few hours to keep the blood flowing and the muscles toned. If the injury prevents working a full day, a limited schedule or handling a lighter load than usual is advisable.

Medical care is necessary with injuries that indicate neurological damage—pain runs down the leg, the foot drags, and there's no bowel control—or if good health doesn't resume after a week or so.

Often the cure is like the prevention: increased exercise, improved posture, and corrected motions. The result leaves most people sitting pretty. NB

Direct Line

Experts answer our readers' questions about starting and running their businesses.

By Meg Whittemore

RECREATION

Course Work

I am interested in starting a miniature golf course in my area. What group may I contact for more information?
M.B., Ladysmith, Wis.
(Similar questions from R.K.S., Fremont, Calif., and G.K., Oklahoma City.)

Skip Laun, executive director of the Miniature Golf Association of America, says he receives more than 100 inquiries a month about starting a miniature golf course. "The demographics of your area will determine the kind of course you should build," he says, "along with how much you have to spend on the investment."

A popular type of course is one that resembles a country club, including rolling greens, trees, sand traps, and ponds. "The old obstacle type of course—hit the ball through the windmill—is passé," Laun says. The miniature country club courses appeal to, among others, golfers who want to improve their putting, he says.



ILLUSTRATIONS: MARTHA WILLIAMS

Laun says that there are currently more than 15,000 miniature golf courses in the United States and that miniature golf is evolving into a separate sport category. "Europeans have considered miniature golf a sport for the past 34 years," says Laun. For the first time ever, a miniature golf team will represent the United States in a world championship tournament. The contest will be held in Austria in August.

The cost of building a miniature golf course varies, from $15,000 for a prefabricated course to $250,000 and up for a custom-built course.

For more information, write or call the Miniature Golf Association of America, P.O. Box 32353, Jacksonville, Fla. 32237; 1-800-688-1685. ■

PET CARE

In The Dog's House

I own a pet-sitting business. Is there a clearinghouse that I can use to contact other companies like my own?
R.W., Jonesboro, Ark.

The National Association of Professional Pet Sitters includes 700 companies nationwide that specialize in in-home care of animals during owners' absence. The group offers pet-care guidelines, and its bimonthly newsletter, *NAPPS Network*, covers topics such as animal behavior and symptoms of illnesses. Membership is $130 a year. For more information, contact the association at 1200 G Street, N.W., Suite 760, Washington, D.C. 20005-4709; (202) 393-3317. ■



ENTREPRENEURSHIP

Career Moves

I recently lost my job as a corporate middle manager. I'm interested in becoming a small-business owner, but I need some information on the whole process before going farther with the idea. Can you help?
T.H., Wyckoff, N.J.

The ranks of entrepreneurs have grown to more than 12 million, partly as a result of the latest influx of refugees from corporations that have downsized, according to Jim Halloran, a professor of entrepreneurship at Muhlenberg College, in Allentown, Pa. But he points out that more than half of these businesses will fail within the first five years.

"Entrepreneurs tend to be confident, determined, and very goal-oriented by nature," says Halloran. "More of them would succeed if they would only take the time to do a business plan before getting involved in a business."

Halloran also points out that if you were a specialist in the corporate world, you will need to learn other skills to run your own business. He suggests taking courses in small-business management and entrepreneurship, which are frequently offered at local colleges and vocational schools.

For a practical manual on starting a small business and on the pitfalls surrounding its growth, try *Strategies for Small Business Success* (Penguin Group), by Jane Applegate. The paperback covers the personal aspects of getting started based on Applegate's own experiences in marketing her nationally syndicated column on small business.

Her book also covers management styles, financing, legal and insurance issues, and family commitments.

Priced at $12.95, the book is available in most bookstores or may be ordered directly from the publisher by calling 1-800-526-0275 and requesting ISBN No. 0-452-27352-8.

Home Cooking

I need information on starting a catering business from my home. Are there any trade organizations that I could contact?
J.L., Vineland, N.J.

The National Association of Catering Executives, in Northbrook, Ill., has many local chapters, including one in your state. Arlene Kushner, president of the New Jersey chapter, says her group holds monthly catering seminars that might be useful for a newcomer. You can contact Kushner at her catering company, Wedding Works, in Haddonfield, N.J., at (609) 354-8800. Also, the national association's number is (708) 480-9080. ■

FLORISTRY

Showcasing Mother Nature

My wife recently completed courses on floral design, and we are interested in learning about opening a florist shop.
B.O., Sayville, N.Y.
(A similar question also from T.L.B., Northumberland, Pa.)



The Society of American Florists, in Alexandria, Va., represents retailers and wholesalers in the floral business and offers a variety of helpful publications and videos. A book available from the group, *Owning and Operating a Retail Flower Shop, Part 1,* covers the basics. Topics include selecting a site, locating wholesalers, and establishing relationships with vendors. It also includes information on store display and general advice on starting a business. *Owning and Operating a Retail Flower Shop, Part 2,* focuses on promoting the business. The price of each volume is $29.95.

The organization's monthly magazine, *Floral Management,* covers industry trends and gives details on running a retail florist shop. A one-year subscription is $24.

The trade group sends prospective members a free packet of information containing industry statistics, articles on retail florist shops, and a business-planning kit. Also provided is a catalog of manuals and videos.

For more information, contact the Society of American Florists at 1601 Duke St., Alexandria, Va. 22314; (703) 836-8700. ■

HOW TO ASK

Have a business-related question? Mail or fax your typewritten query to Direct Line, *Nation's Business,* 1615 H Street, N.W., Washington, D.C. 20062-2000; (202) 463-3102.

Questions are answered only in this section; those selected for publication may be condensed. Writers will be identified only by initials and city. ■

ENTERTAINMENT

Marketing Magic

I am planning to open a store to sell magic-related items. Is there an association or trade group that represents retailers like me?
M.O., Tulsa, Okla.

The Magic Dealers Association, a trade group, provides services and facilitates networking for people in the magic field. The organization's 105 members include retailers, wholesalers, publishers, and inventors of magic-related merchandise. Membership is $50 a year. For more information, contact the Magic Dealers Association at 4136 N. 37th St., Tacoma, Wash. 98407; (206) 752-8158.

Another trade association that might be able to help you get your business started is the Society of American Magicians. Members include professional and amateur magicians, manufacturers of magical apparatus and retail items, collectors, writers, and hobbyists.

Membership is $25 per year and includes a subscription to *M-U-M Magazine,* a monthly publication that covers industry news and trends.

For more information, write or call the Society of American Magicians at P.O. Box 510260, St. Louis, Mo. 63151; (314) 846-5659. NB

Nation's Business

The Small Business Resource Guide

What You Need To Know About Starting, Running, and Growing Your Business

Revised and Expanded Edition

From The Editors Of DIRECT LINE

The Small Business Resource Guide

What You Need To Know About Starting, Running, and Growing Your Business



Nation's Business

This updated and expanded edition answers the most frequently asked questions to Direct Line, the popular advice column for small-business owners and managers. The 84-page guide provides the latest how-to information and expert advice on crucial business concerns such as:

- starting a business
- obtaining start-up capital
- complying with government regulations
- managing company benefits
- retailing
- exporting
- selling a business
- franchising
- trademarks/patents/copyrights
- marketing and much, much more.

The new edition of **The Small Business Resource Guide** also features a special section on Quality Management. This easy-to-use resource is ideal for owners and managers of new or established businesses.

Order Today! Only $9.97
plus $2.00 for shipping/handling.

Nation's Business Order Form

Send to: Nation's Business, Circulation Department, 1615 H Street, N.W., Washington, D.C. 20062-2000

ORDER TOLL-FREE 1-800-356-7500
OR FAX 1-202-463-5641

Method of Payment
❑ Check enclosed for $11.97. (Includes $2 for shipping/handling)
❑ Please bill my credit card
❑ Visa ❑ MasterCard ❑ American Express

Card No.# _____ Exp. Date _____
Signature _____
Name (Please Type or Print) _____
Company _____
Address _____
City _____
State _____ ZIP _____

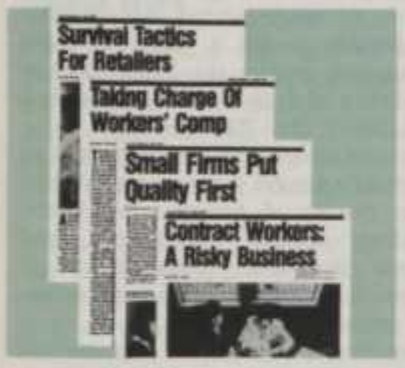
NB0795

Nation's Business

Reprints Help You Control Your Company Benefits, Sales, and Profits!

NEW REPRINT PACKAGES!

NEW REPRINTS



***GOING BROKE** **#9066**
Entitlements and debt interest will soon consume all federal spending—a stark fiscal reality that threatens small firms throughout the economy. (Page 16)

***NEW DIRECTIONS IN MARKETING** **#9067**
Technology and demographics are changing the ways that companies sell products and services. (Page 25)

***GOING PLASTIC** **#9068**
How to gain merchant status for your firm so you can accept major credit cards. (Page 28)

***SMALL BUSINESS FINANCIAL ADVISER** **#9069**
Entrepreneurial retrospect; stock sales; loan approvals; giving property to pension plans; investment track records. (Page 73)

SPECIAL REPRINT PACKAGES

Six Reprints For The Price Of Five! Save 20% On Special Reprint Packages!

BUYING SMALL-BUSINESS INSURANCE (#9004) **($9.95)**
- Key People, Key Protection (#8938)
- Business Insurance Will Cost You More (#8963)
- Carriers Rediscover Small Business (#8982)
- Prepare For The Worst (#8972)
- Insurance Trends Break The Cycle (#8905)
- Business Lessons From A Disaster (#8948)

QUALITY CUSTOMER SERVICE (#9007) **($9.95)**
- Survival Tactics For Retailers (#8960)
- What Do Customers Think Of Your Firm? (#8942)
- Where Quality Is A Language (#8930)
- Your Secretary's Pivotal Influence (#8973)
- Call It "Supplier Satisfaction" (#9011)
- When "Just In Time" Just Isn't Enough (#8920)

RAISING CAPITAL FOR SMALL FIRMS (#9005) **($9.95)**
- Creative Ways To Raise Capital (#8929)
- Helping Small Firms Borrow Money (#8874)
- Smart Ways To Manage Cash (#8901)
- Seed Funds For The Smallest Start-Ups (#8918)
- Alternative Ways To Find Capital (#8885)
- Cashing In On 504 Loans (#8986)

CURBING WORKERS' COMP COSTS (#9008) **($9.95)**
- Taking Charge Of Workers' Comp (#8976)
- Fighting The High Cost Of Workers' Comp (#8783)
- Controlling Wrist And Back Injuries (#9027)
- Health Reform Aims At Workers' Comp (#8959)
- Workers' Comp Costs Out Of Control (#8895)
- Helping Injured Workers Heal (#9013)

NEW MANAGEMENT STRATEGIES FOR SMALL BUSINESS (#9006) **($9.95)**
- Contract Workers: A Risky Business (#8967)
- Combating Business Crime (#8996)
- A Flexible Style Of Management (#8983)
- Re-engineering Your Company (#8992)
- Leasing Workers (#8919)
- Managing From A Distance/Telecommuting (#8934)

TOTAL QUALITY MANAGEMENT FOR SMALL BUSINESS (#9009) **($9.95)**
- The Power Of Employee Empowerment (#8962)
- Quality Standards That Can Open Doors (#8920)
- How To Get Your TQM Training On Track (#8917)
- Small Firms Put Quality First (#8888)
- Turn Your Workers Into A Team (#8896)
- Creator Of Quality Habits/Stephen R. Covey (#9015)

NOTE: Individual reprints may be selected from Special Reprint Packages at the single reprint rates listed on the order form. Individual reprints are in black and white only. Color reprints may be special-ordered.

*Can't wait! For immediate service via fax, see Page 37.

Nation's Business Order Form

Send to: Reprint Manager, 1615 H Street, N.W., Washington D.C. 20062-2000

ORDER TOLL-FREE 1-800-692-4000
OR FAX 1-202-463-5641

Method of Payment
- ☐ Bill me ($9.95 Minimum)
- ☐ Check or money order enclosed
- ☐ Bill my credit card ($9.95 Minimum)
- ☐ VISA ☐ MasterCard ☐ American Express

Card # _____
Exp. Date _____
Signature _____
Name _____
Address _____
City _____
State _____ ZIP _____

QTY	REPRINT NAME AND NUMBER	UNIT PRICE	TOTAL PRICE
	SUBTOTAL		
	CA & D.C. SALES TAX		
	SHIPPING		F R E E
	TOTAL		

REPRINT RATES

Single Reprint Rates

1 To 9 Copies	$1.99 ea.
10 To 29 Copies	$1.49 ea.
30 To 99 Copies	$1.19 ea.
100 To 999 Copies	$.99 ea.

Reprint Packages: $9.95

NB0795

Your Order Is 100% SATISFACTION GUARANTEED

A World Of Opportunity



Awaits

There is a world of opportunity waiting for you at Jani-King. Jani-King is the largest commercial cleaning franchisor in the world and is backed with twenty-five years of experience. Jani-King provides professional training, start-up contracts, equipment leasing, insurance and much more. Franchise opportunities range from $6,500 to $14,000 +, depending on area purchased. Call now and join the best in the business.

Jani-King

(800) 552-5264

© Jani-King International, Inc. 1994

Circle No. 8 on Reader Service Card

Earn The Living You've Dreamed Of... Right In Your Own Dream House!

Live in a stunning Eagle's Nest home with design features not found elsewhere at twice the price.

Models as low as $17 per sq. ft.



Earn $5,000 to $15,000 per home...

- Quality
- Design Flexibility
- Keep Present Employment

All you need to get started is a $5000 house deposit for your own business or private use.

For a FREE full color brochure:
Call Mr. Nations at 1-800-579-1079 (24 hrs.)
Fax: (404) 720-7605, or write:

Eagle's Nest Homes, Inc.
205 Eagles's Nest Drive
Canton, GA 30114-7972

Circle No. 31 on Reader Service Card

Prestige Images

1-800-446-4403

Superior stitching of fine detail will enhance the image of your company logo. Quality and turnaround time are unmatched with our state of the art equipment and in-house design team. From caps to customized leathers, we can provide our full line of apparel to you for that unique gift or upcoming corporate event.



Call for our catalog

*Tee Shirts from $6.45
*Polo Shirts from $11.95
*Sweat Shirts from $12.25

*on quantities of 21 dozen. Price includes embroidery up to 5,000 stitches in seven colors.

Embroidery Means Prestige!

Circle No. 10 on Reader Service Card



Why Are You Working For Someone Else?

You can now earn $4,000 to $10,000 per month performing needed services for your community from your home with a computer. Over the last 11 years we have developed 25 different services that are now being performed by couples and individuals all over the United States. You can start earning money immediately. No experience is necessary. You don't have to own or know how to run a computer. We provide training. Working for someone else will not get you and your family what you deserve.

Call:

1-800-343-8014, ext. 1671

and we will send you FREE, two cassette tapes and a full-color information package that will show you how to start your own business immediately. Financing available.

Computer Business Services, Inc.
CBSI Plaza, Ste. 1671, Sheridan, Indiana 46069

MasterCard VISA DISCOVER AMERICAN EXPRESS

MOVING SOON?

Please advise NATION'S BUSINESS at least five weeks before you move. Send old and new addresses to expedite the change. You may remove the address label from your magazine and enclose it with your new address.

Change of address should be sent to:

NATION'S BUSINESS
4940 Nicholson Court
Kensington, MD 20795

PLACE LABEL HERE

NAME

NEW ADDRESS

CITY

STATE ZIP

DATE OF ADDRESS CHANGE

Nation's Business Classified Ads

CLASSIFIED RATES AND INFORMATION

To place a classified ad CALL TOLL FREE, 800-424-6746 (in Washington, DC call 463-5640) Fax: 202-463-3102 or write Nation's Business Classified, PO Box 1200, Washington, DC 20013. Closing date for advertising is five weeks preceding date of issue. Rates are based on frequency at a per line per insert cost as follows:

1x	2x	3x	6x	12x	— frequency
$64	$60	$56	$50	$36	— line rate
$890	$830	$780	$690	$480	— per inch display

Ad minimums: solid set, 3 lines; display, 1 inch.

AUTOMOTIVE

CORVETTES '53-'93...Well over 100 in one location. Free Catalog. ProTeam, Box 606, Napoleon, OH 43545. Ph. 419-592-5086 FAX: 419-592-4242. Corvettes Wanted.

BUILDINGS

STEEL BUILDINGS: From HERITAGE, delivered to your jobsite ready to bolt together. 5000 sizes, build it yourself and SAVE. Call with your building size. 1-800-643-5555. Heritage Building Systems. POB 470, N. Little Rock, AR 72115-0470.

FACTORY DIRECT. TOP QUALITY. STEEL BUILDINGS & SAVE. COMMERCIAL, FARM ETC., EASY CONSTRUCTION. COMPUTER DESIGNED. GUARANTEED. FOR QUOTE - 1-800-494-2323.



BUSINESS FINANCING

Free Government Money! Small Business/Entrepreneur Grants. Billions Available! Any Purpose. Never Repay! Free Infopak: Grantsearch, Box 660603-N87, San Diego, CA 92166.

$4,000,000 INVESTOR (Engineer,MBA,Marketeer) seeks non-controlling, silent or active business opportunity in USA or Canada. Earn $5,000 finder's fee. 713-961-5334.

Looking for Investors?

TCN introduces accredited investors to fast growing companies based on mutual business interests. This proven process is selective, efficient and confidential.

The Capital Network
(512) 305-0826

A Non-profit Economic Development Organization

BUSINESS FINANCING

ACCOUNTS RECEIVABLE FINANCING to $1,000,000. Direct lender with offices nationwide. Call AeroFund Financial. Approvals by phone. 1-800-747-4AFI(4234).

BILLIONS OF DOLLARS AVAILABLE!
FREE GOVERNMENT GRANTS, LOANS AND MORE.
CALL (24 HRS): 1-(619) 699-3502.

FINANCIAL CORPORATION EXPANDING NATIONWIDE-BRANCH opportunity. Experience unnecessary. Mortgage Brokerage, Property Acquisitions. Representatives needed. 1-800-989-0151.

EQUIPMENT FINANCING * PHONE-A-LEASE * $5-$50,000 * NO FINANCIALS REQUIRED * PHONES/COMPUTERS/ VOICE MAIL/FURNITURE * ADIRONDACK LEASING * 800-678-7342.

LENDERS WHO STILL SAY YES

A new class of alternative lenders has emerged to finance deals the banks wont do. New database lists 10,000 of these lenders and equity investors who are aggressively funding businesses like yours. Call today to see what we have for you. **FREE Demo. DataMerge 1-800-580-1188**

BUSINESS OPPORTUNITIES

HOME IMPORT MAIL ORDER BUSINESS. Start without capital. FREE REPORT. Mellinger, Dept. J1559, Woodland Hills, California 91367

LET THE GOVERNMENT FINANCE your small business. Grants/loans to $500,000.00. Free recorded message: 707-449-8600.(HS2)

WANT A FAMILY BUSINESS?
Concrete delivery business. $50K down min. complete package. Consultant-Dave (717) 733-6166.

RAIN ROOM
Cools people at hot outdoor events. Make $$$ this season. Dealerships available nationwide. 800-352-MIST (6478).

ARAB BUSINESSMEN HAVE MONEY TO BUY & INVEST. Top finder's fees paid. Dept 795NB1, IMEA, 419 N. Newport Blvd., Ste. B, Newport Beach, CA 92663-4271. 714-722-9260

JOIN THE HOMETEAM! Home inspections are booming. Join one of the fastest growing franchises in the industry. Low invest/training provided. 800-598-5297.

CONSULTANTS. Conduct popular professional seminars. Natl. Qualification Training. Free info. Carlson Learning/ Performax Field Mgr. Iris Randall 1-800-945-9140 NYC.

FREE FREE FREE
MAKE OVER $100,000 a year in network marketing. Amazing 10 Step Fact Filled Report shows you how.GUARANTEED! CALL NOW: 1-800-656-6397, Ext. 70.

#1 CAREER / BUSINESS VENTURE

PROVIDE SERVICES TO ALL BUSINESSES
ACCEPTING CREDIT CARDS.
LUCRATIVE COMMISSIONS.
ONGOING RESIDUALS, F/T - P/T

ELECTRONIC PROCESSING, INC.

1-800-669-7228

FOUND: LOST MONEY!

INC. 500 Co. will show you how to make big money recovering hidden overcharges in leases, freight, utility, and phone bills for businesses. Perfect PT/FT home business. NO EXPER. REQ. Under $7K start-up. Free info kit. CALL NOW! 1-800-962-0177.

BUSINESS OPPORTUNITIES

RELOCATABLE BUSINESSES
Acquire established, going businesses you can relocate to your area. Mail order, publishing, distribution, other movable businesses that are for sale. Expand your horizons & your profits. For a free sample, detailed report on these businesses in the Relocatable Business newsletter, write Business Listing Service, Box 1248-NB, Highland Park, IL 60035, or call (800) 448-8567.

ACQUIRE MY LIFETIME SELLING SECRETS. 1-900-226-SELL $9.95 for each week's new selling secret. 18+. Business Secrets Limited, Scottsdale, AZ 1-602-817-0069.

DISTRIBUTORS NEEDED! Fastest growing division of well established Pharmaceutical Firm seeking distributors. Guaranteed income and training. Call (800) 871-6662.

MAKE EXTRA $375 weekly (spare/time) as Publisher's Local Agent. Carefree homebased business. Free Sample/Report: OwenPub/NB, Battle Ground, WA 98604-0010.

IMPORT DIRECT FROM THE PHILIPPINES
FOR MANUFACTURERS DIRECTORY SEND $15 TO: DOT Associates, PO Box 1318, Wilmington, NC 28402.

DISTRIBUTORS NEEDED for our line of mini satellites starting at 14"-$259. Our unique products can produce outstanding profits. Serious inquires 800-896-5008.

CAPITALIZE ON CRIME! Earn amazing profits on full line of crime prevention products that sell like crazy! Free wholesale catalog: 800-735-1797, POB 10154, #NB, Yakima, WA 98909.

DRAMATICALLY CHANGE YOUR PERSONAL & FINANCIAL LIFE! Free, exciting, hour cassette. Success Essentials, PO Box 2948, Corona Hills, CA 91718-2948.

BUS. FROM HOME. Natl. rapidly expanding co. in health & fitness. Incredible success. Top of the Industry. Network Mktg. $200K+ possible per yr. FREE training 1-800-434-8820.

WANT TO start your own home-based business, one no one else has? You can do both and succeed! ClensPak ™! Call for more information. 1-800-516-5155.

MONEY MAKING MACHINE! Curbmate machine installs beautiful concrete lawn edging. Customers love this new product. Amazing profits from this simple cash business. 801-362-7509.

FINANCIAL INDEPENDENCE...better health, more time for yourself with our Network Marketing opportunity. Become part of a growing company that is making a difference. Recorded Message: 800-746-7410.

MAKE YOUR DREAM COME TRUE. EARN $75,000 YEARLY REPAIRING, NOT REPLACING, Small Cracks in Windshields. TOLL FREE 1-800-626-8523 (US/Canada) or write: GLASS MECHANIX, 4555 NW 103 Ave. Ft. Lauderdale, FL 33351.

#1 MONEY MAKER Spare Time! No selling! No inventory! Publicly documented seven week $19,919 income! Free audio cassette and Report reveal everything. Real Money, 333-NB95 SW 5th Street, Grants Pass, OR 97526.

THOUSANDS OF BUSINESSES
1995 Franchise Annual Directory describes over 5,300 franchisors. Explains how to investigate. 548 new listings! When you buy a franchise, you buy risk-reduction.' $39.95 inclusive. Money Back Guarantee. INFO FRANCHISE NEWS, 728A Center St., Lewiston, NY 14092. VISA/MC. 716-754-4669.

AN EXTRAORDINARY OPPORTUNITY.
Independent dealers wanted in several areas. No real estate or builders license needed. No franchise fees. Join our international team of professionals as an independent dealer for Town & Country Cedar Homes, one of America's leading custom home manufacturers for 47 years. For more information Fax 616-347-7255 or call: 1-800-968-3178.

BUSINESS SERVICES

SAVE$$$ Tax Break! Avoid Costly lawsuits! 101 easy ways To comply w/America's w/Disabilities Act. Illustrated $5 To: CTC Access Group, PO Box 509, Cypress, CA 90630.

BUSINESS SERVICES

TRADEMARK SEARCHES $100 application Preparation $250. Located 30 minutes from US Patent & Trademark Office. Attorney Jay Horowitz (800) 304-8266.

NATIONAL TELEVISION MARKETING
Market your product or service on TV. Affordable Turn-Key or Joint-Venture Options. 800-215-9967.

TELEMARKETING-PROVEN RESULTS-Market Surveys-Lead Generation-Order Entry-Referral/Locator Service-Sales/Lead Capture-Call ANSWER AMERICA Today 800-CLUB-NOW(258-2669)

YOUR COMPANY LOGO IN BRASS
Impressive wall logos of brass, chrome, or other cost effective finishes. Free estimates. METAL LOGOS, INC. 800-846-LOGO(5646) Fax: 402-339-2311

GET PAID NOW! If you have past due accounts/bad checks, discover the secrets of professional debt collectors. Call 24 hrs. 408-261-1137 Ext. 1037 from your fax machine-receive FREE REPORT faxed to you! Request document #402.

THE TAX APPROACH COACH™
INCOME TAX STRATEGIES THAT'LL SAVE YOU MONEY
A plain English Cassette for only $29.95. Includes A free Consultation. Send Ck or MO, Money Back Guaranteed. Tax Planning you can use now. BJ Rosa, CPA, 800 Tahoe Keys Blvd. S. Lake Tahoe, CA 96150.

New 800 Voice Mail Service Uses National Caller I.D. to Identify Calls From Anywhere in the U.S., Including Long Distance, Unlisted, & Blocked #'s

☎Know where sales calls or field employees call from ☎Eliminate lost sales opportunities ☎Pager Notification ☎Corporate Networks ☎Group Messages ☎Electronic secretary "Jane" sends wake up calls & reminders to any U.S. location. *Low Cost* **CIA Voice Mail 1.800.417.1296**

PROBLEM?
WORKER'S COMP

MID ATLANTIC CONSULTANTS, INC.

Introducing a Unique Solution for Worker's Compensation for Large and Small Companies. Offices Coast to Coast.

Call for Free Information:
(214)259-1022 FAX (214)259-2214

BUY IT WHOLESALE

WHOLESALE SOURCES-Direct Factory Suppliers. 29,430 American, Mexican, & Oriental products. All types, no retail. Write: Crestco-NB57, 668 Main St., Wilmington, MA 01887.

CALL CARDS/LONG DISTANCE

13¢/MIN. 800# OR LONG DISTANCE COAST TO COAST. Call Cards. No Fee. Intl. None Better/Proven Reliable. FiberOptic/Digital. GOOD DEAL. Check it out.1-800-564-4348.

CARPET

CARPET-VINYL-HARDWOOD-BRAIDED & CUSTOM RUGS-ORIENTALS. Mill-direct. Look No Further. Guar.Lowest Prices. Warranties. Free Quotes/samples. 800-548-5615. Dalton, GA.

CARPET---Save up to 50% & more on major brands. We also manufacture our own beautiful styles. For information & samples, call 1-800-848-7747, Ext. 45. Dalton, Georgia.

ABC Floor Products-Carpet, Rugs, Vinyl. Major brands. Save 30-60%. For home, office or church. Shipped direct to your door. 1-800-275-0616, Ext. 101.

EDUCATION

FINISH BA/MS/MBA/PhD/JD by corr. City/Univ-LA, 3960 Wilshire Blvd., LA, CA 90010. New 'College Drop-Outs' Program. Call for immed. decussion. 800-262-8368/213-382-3601.

PARALEGAL GRADED CURRICULUM. Approved home study. Most affordable & comprehensive. 100 yrs. of legal training. FREE CATALOG. 1-800-826-9228. BLACKSTONE SCHOOL OF LAW. PO Box 701449, Dept. NB, Dallas, TX 75370.

BACHELOR'S, MASTER'S DEGREES
by self-paced home study. Credit for formal education, life/work experience. Military service/courses. Specialized training. SOUTHWEST UNIVERSITY, 2200 Veterans Blvd., Kenner, LA 70062. (800) 433-5925 or 433-5923.

COMPLETE YOUR COLLEGE DEGREES AT HOME!
Approved, self-paced, economical Associate, Bachelors,Masters,Doctorates. Business Administration, (Health Care, International Business,Human Resources, MIS). Computer Science, JD/Law, Psychology, Technology Management. Southern California University for Professional Studies, 1640 E. 17 St.-NA, Santa Ana CA 92701. 800-477-2254.

NO-CLASSROOM COLLEGE DEGREE!

Earn your no-classroom college degree in Business, Liberal Arts, or Nursing using Moore's successfully refined study program. Choose from several accredited universities.

Call now for more information!

Moore Educational Publishers
3032 Bluebird Blvd.
Pleasant, TN 37211-9006
(615) 383-6633 • FAX (615) 383-6559
1-800-737-2222

EMPLOYMENT

EXCELLENT EXTRA INCOME! Assemble easy craft products at home. Easy/fun to do! Nation's most reputable program. Guaranteed! For Info Call 1-800-377-6000, Ext. 6560.

FRANCHISE OPPORTUNITIES/SERVICES

FRANCHISE YOUR BUSINESS
With the leading consulting firm in the country.
McGROW CONSULTING (800) 358-8011

Franchise Your Business
30+ Years Experience
National Franchise Associates, Inc.
800-377-7478

Franchise your business!
Call for information about "Franchise Your Business" seminars or information on franchising.
Francorp Specialists in Franchise Development
1-800-FRANCHISE (1-800-372-6244)

FINANCIAL SERVICES

FREE INVESTMENT LETTER
For the 90's and Beyond. EIGER, 635 Danbury Rd., Ridgefield, CT 06877. 203-431-2977.

HOME/OFFICE FURNISHINGS

TREMENDOUS SAVINGS ON MAJOR BRANDS OF FURNITURE
Call or write Lotfin-Black Furniture Co.
111 Sedgehill Dr., Thomasville, NC 27360
CALL TOLL FREE 1-800-334-7398
(in N.C. call 919-472-6117)
NATIONWIDE HOME DELIVERY

IMPORT/EXPORT

Export-Target/Contact Overseas Distributors for your U.S. made products ($250/$500 per Country.) Crucial info will save you energy, time and thousands in expenses-And it works! It's not advertised or promoted! $29.95 + $3.95 S/H. Money Back Guarantee! 1-800-422-9010 Ext. 4041.

INTERNET SERVICES

THE ADVERTISING BARGAIN OF THE CENTURY.
Your ad professionally created, produced & placed
On the World Wide Web
Where millions around the world
Will see it every day.
TECHNOLOGY CENTER 610-293-0260

INVENTIONS

FREE INVENTION PACKAGE. Davison & Associates offers customized Development, Patenting & Licensing of new products & ideas. Proven results. 1-800-677-6382.

INVENTORS:
The Concept Network represents inventors who want to PATENT and MARKET their new product ideas. Call 1-800-846-8368 for a free information kit.

INTERNATIONAL LONG DISTANCE

A SUPERB NEW SERVICE with no extra charges. The new International - Domestic Calling Card is here. Call FROM Anywhere TO Anywhere (incl. pay phones & mobile). Low Interstate Rates 13¢ per min. Day/Night. For information Call 1-904-448-1201.

LEGAL SERVICES

ON YOUR MARK will register your trademark for a reasonable fixed fee. For free package, call 1-800-715-MARK or write Cherie Radcliff-Morfe, Esq., 9715 W. Broward Blvd., Ste. 301, Ft. Lauderdale, FL 33324.

PATENT & TRADEMARK ATTORNEY in Boulder, CO provides quality patent & trademark services for individuals & companies nationwide via mail at affordable fixed fees.John Flanagan: 303 449-0684/Fax 303-449-3532 for free info. about services.

MAIL ORDER

MILLIONAIRE Mailorder Expert Reveals Money-Making Secrets! Free, exciting hour cassette. Melvan Powers, 12015 Sherman Rd, No. Hollywood, CA 91605. (818) 765-8618.

MAILING LISTS

BUSINESS/CONSUMER Lists! Fresh, responsive names. Select locally, nationally from 14 million businesses, professionals, 100 million consumers. Specialty lists, phones, & many formats of computer disks available. AMEX/MC/VISA. AccuData: (800) 732-8340.

OF SPECIAL INTEREST

FLAGS * BANNERS * FLAGPOLES * CUSTOM DESIGNS
CATALOG $2.00 Refund. w/order. Major credit cards accepted
THE SPIRIT FLAG COMPANY. 1-800-450-FLAG.

TELEMARKETING

TELEMARKETING-We want to be YOUR Calling Center! Lead Generation, Surveys, Appointment Setting, Fund Raising, Product Sales, etc. SPECTRUM MARKETING SERVICES 800-972-6778.

TRAVEL

LONDON FLATS
HOLIDAY-BUSINESS TRAVEL
THE LONDON CONNECTION
801-393-9120 / FAX: 801-393-3024

WATCHES

REPLICA SWISS WATCHES
18K Goldplated! Lowest Prices! 2Y Warranty
Waterproof! PH: (404) 682-0609 FX: (404) 682-1710



Timely Reminder

Special Sampler Offer—Just $19.50.
For our *deluxe* logo watch. Never-fade guarantee. *Lifetime warranty.* Specify man's or woman's size. Send your color logo on stationery or business card and $19.50 *per* watch (plus sales tax in CA only). Limit: 5 per customer. Order now.

GREAT American IMAGES
One Waters Park Drive
Suite 213-NB
San Mateo, CA 94403
Tel: 415-358-0800
Fax: 415-358-0543

Where I Stand

On Budget Changes



Background: Both the House and the Senate have approved resolutions calling for a balanced federal budget by 2002. Although details differ, both measures call for massive program eliminations and spending cuts and for slowing the projected rate of increase for nearly all federal programs. A House-Senate conference committee is crafting a compromise resolution. These questions seek your views on these proposals. (See related cover story, Page 16.)

Results will be forwarded to administration officials and congressional leaders. Send the attached, postage-paid reply card. Or circle the answers below and fax this page to (202) 463-5636.

1 **How do you view the seven-year period for balancing the budget, which is included in both resolutions?**

1. A longer period should be allowed
2. Seven years is about right
3. Balance should be achieved in less than seven years

2 **Each resolution includes tax cuts or the promise of them once a final budget is signed by the president and after the Congressional Budget Office certifies that the budget would be balanced. How do you view tax cuts?**

1. Should be part of any final budget legislation
2. Should wait until spending cuts are made
3. Should wait until actual spending and revenues are equal

3 **Are you willing to accept program cuts that might have a negative impact on your business or industry provided they help achieve a balanced budget and as long as the cuts are fairly distributed throughout the budget?**

1. Yes
2. No

4 **4. Do you favor exempting areas of the budget from cuts? Or should all areas in the budget be fair game for spending restraint?**

1. There should be exemptions
2. All areas should be fair game

5 **The Congressional Budget Office projects that balancing the budget would reduce interest payments on the national debt by $170 billion over seven years. How do you view this projection?**

1. Too optimistic; can't save that much
2. Reasonable
3. Too pessimistic; greater savings would result

6 **How confident are you that a final budget reconciliation measure will be translated into the actual spending cuts necessary to reduce the deficit?**

1. Very confident
2. Fairly confident
3. Not confident at all

Send Your Response Today!

POLL RESULTS

Readers' Views On Taxation

By large margins, respondents to the Where I Stand poll in May's *Nation's Business* believe the current income-tax system should be replaced and support one that favors savings over consumption. Here are the complete results of the survey:

TAXATION

What should be done about the current income-tax system?	
Replace it	79%
Adjust it	19
Leave it alone	2
What should receive the highest priority in shaping a new tax system?	
Encouraging savings and investment	17%
Increasing simplicity and compliance	17
Reducing the current tax burden on individuals and corporations	14
All should be treated equally	52
How should a new tax system treat savings and consumption?	
Favor savings	56%
Favor consumption	3
Treat them equally	41
When compared with today's system, what aim should a new tax system have?	
More progressive (rich pay more)	25%
More regressive (poor pay more)	14
About the same	61
What do you think of the current mix of taxes paid by businesses and individuals?	
About right	26%
Too heavy on businesses	38
Too heavy on individuals	36
Would you approve a new tax code that raised your taxes but cut paperwork and compliance costs by a greater amount, resulting in a net reduction?	
Yes	47%
No	53
How important is it to you that a new tax structure give you a rebate on your exports while applying a comparable tax on foreign imports?	
Very important	15%
Slightly important	17
Unimportant	68
What is more important to your business?	
Complete first-year expensing of all investment (buildings and equipment)	50%
Current depreciation rules and deduction for fringe benefits	50

ADVERTISERS

Send For Free Information

The following advertisers would like to send you free information about the products and services advertised in this month's Nation's Business.

41 Ascom Hasler Mailing Systems, Inc.

31 Eagle's Nest Homes

13 Executive Seminars in Sound

44 Family Business Audio Program

8 Jani-King International

10 Prestige Images

24 Royal Copystar

30 Ryder Truck Rental

4 So. Central Bell Small Business Services

5 Southern Bell Small Business Services

Please circle your selections.

Fill out this coupon if you fax your response.

Name _____ Title _____

Company _____

Address _____

City _____ State _____ ZIP _____

Mail to: Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062-2000 • **FAX to:** 202/463-5636

Commentary

Insurgents within organized labor say the AFL-CIO is increasingly irrelevant to members—and to all workers.

By Robert T. Gray

Labor Tries To Define Its Future

"It hasn't been a good year for organized labor," George Meany said in an appearance on Capitol Hill in 1978.

The longtime president of the AFL-CIO, indeed the man who had presided over its creation, was bemoaning legislative setbacks, the most serious of which was the defeat of a massive bill that organized labor had viewed as a chance to reinvigorate its lagging membership campaigns. It would have made it easier for labor to organize workers and harder for employers to resist unionization.

It was an especially bitter loss for labor because of the high hopes raised in 1976 by the election of a Democratic president and the expansion of the Democratic congressional majorities. But labor—its ranks being eroded by the changing attitudes of younger workers and the technology that was drastically altering the workplace—could not break the Senate filibuster that killed the critical legislation.

Meany, an old-school labor organizer who was 85 when he made that comment on the AFL-CIO legislative record, was viewed by many in labor as increasingly out of touch with its members, especially those who had come of age in the 1960s.

Meany finally stepped down in 1979 (he died a year later) in a changing of the guard that was seen as the beginning of a new era for organized labor. He was replaced by his longtime second-in-command, Lane A. Kirkland.

Kirkland, who lacked Meany's years of union work at the state and local levels, had risen through the ranks of the AFL-CIO staff. He was seen as the new breed of labor leader, a technocrat/administrator who would bring the AFL-CIO into the modern era.

Now, in the fullness of time, Kirkland at 73 is under fire for being out-of-touch: too concerned with foreign affairs and not concerned enough with recruiting new members at home as labor's years of gains are irrelevant to the vast majority of unorganized workers in our country," says Sweeney, who says he harbors deep suspicions that labor is also becoming irrelevant to many of its members.

Sweeney's goals include a much greater commitment to organizing efforts and "a new attitude toward rewarding our friends and punishing our enemies."

The question is whether a new president would be any more successful than Kirkland was in trying to restore—or even come close to—the glory years of the labor movement.

At its peak, union members were 35 percent of the private-sector work force, but that number has dropped below 11 percent. And legislative activity focuses increasingly on retaining past gains rather than in making new ones.

Prospects for long-standing aims such as a federal ban on employer hiring of permanent replacements for strikers, pro-labor changes in job-safety laws, and an increase in the minimum wage aren't strong in a Congress that is looking to roll back, not expand, government regulation.

And the Davis-Bacon Act—setting what are frequently union wage levels on federally funded construction projects—could be in jeopardy.

Many of the problems facing the labor organization can be traced to its failure in 1978 to reform basic labor law. Had that measure passed, says Peter Eide, labor-law specialist for the U.S. Chamber of Commerce, the AFL-CIO would have become "bigger and more powerful. We would have a whole different ball game today."

As it is, labor's concerns about falling membership and diminished clout have reached the point where a major revolution threatens the incumbent leadership on just those issues. Sweeney, leader of the revolt, says his challenge to Kirkland is not about personalities but "is about the future of the labor movement." NB



PHOTO: SILVIA GUIMONES—BLACK STAR

Prospects for *labor's long-standing aims, such as a federal ban on striker replacements, look dim in a Republican Congress planning to roll back regulation.*

Robert T. Gray recently retired after 26 years with Nation's Business, *13 as editor.*

Editorial

Fiscal Scorekeeping The Washington Way

Here is how spending—using Medicaid as an example—is said to be "cut" under current approaches to federal budgeting.

1. Medicaid spending, 1993$80 billion
2. 1993 baseline estimate* of annual spending by 1998.....$154 billion
3. 1998 baseline increase over 1993.....$74 billion
4. The fiscal 1994 budget provided for a 1998 increase over 1993 of.....$66.8 billion
5. The difference between the two projected increases—1993's baseline estimate and last year's budgeted increase—was then described as a spending "reduction" of.....$7.2 billion

*Baseline estimate is a budget term that assumes programs will not be changed but costs will grow because of inflation and increases in beneficiaries.

SOURCE: FEDERAL BUDGET DOCUMENTS FOR FISCAL 1994

Your present spending habits will exceed your $75,000 income by $5,000 by year's end. You economize by forgoing a few evenings out, a new stereo, some weekend getaways, but nothing really basic. These efforts to economize help some, but you still wind up spending $78,000.

As a common-sense individual with reasonable knowledge about personal finance, you would realistically say that you had gone $3,000 into the hole.

But if you were a scorekeeper for the federal budget, you would proudly claim that you had in fact reduced your expenses by $2,000–the difference between the excessive spending you initially anticipated and the not-as-excessive amount you actually spent.

Did you save $2,000? Or did you go $3,000 into the hole?

On a scale of trillions of dollars, that question is vital to the current debate in Congress over moving the nation to a balanced budget.

The answer would appear immediately obvious, but the fight over the elimination of deficits will be long and complicated. (See "Going Broke," Page 16.) It will be conducted in economic, fiscal, social, and political terms. But at some point, Congress must address two fundamental concepts that have put U.S. fiscal policy on its present disastrous course.

One is officially known as mandatory spending, which describes the practice of allowing many major federal programs to set their own spending levels.

The other is spurious deficit reduction—the idea that the free-spending individual's $3,000 overrun was really a $2,000 saving.

Mandatory spending has its roots in the major entitlement programs like Social Security, Medicare, Medicaid, welfare, and government pensions that must provide benefits to everyone who meets the established qualifications.

This "mandatory-spending" approach is the basis for the other cause of today's fiscal woes—the deficit-reduction scam. (See chart.) This consists of claiming "savings" when spending goes up substantially but not quite as high as initially forecast.

With the use of such tactics, budgets adopted in 1990 and 1993 claimed a total of a half-trillion dollars in deficit reduction over the ensuing five years. Together, those budgets covered the fiscal years 1991 to 1998, which are in fact expected to see deficits totaling $1.8 trillion. So much for seriously curbing red ink.

The balanced-budget approach being pressed by congressional Republicans would still see spending increases and deficits over the transition period. But it would differ drastically from current policy because it would curb the growth of that spending to eventually bring it in line with revenues and keep it there.

Future increases in outlays would conform to future increases in income.

Under a balanced budget, spending would no longer be determined by the voracious appetites of the programs themselves. There would be no need for deficit-reduction games designed to fool the public because there would be no deficits.

Along with eliminating the red ink, a balanced budget would eliminate the ability of future lawmakers to claim that more is less and then expect to be hailed as budget cutters.

The fiscal policy being proposed is valuable not only for its vast economic benefits but also for the badly needed sense of reality it would bring to the process of making public policy. NB

Free-Spirited Enterprise

By Janet L. Willen

Number, Please

Business people who think their operations are too small for an 800 telephone number might be surprised.



Cayo Media, Inc., of Kirkland, Wash., had small businesses in mind when it designed its message service, 800 Voice.



Subscribers share an 800 number but get an individual extension, and callers phone into that mailbox. An operator connects callers to your taped message. Subscribers pay $24.95 for 100 minutes of message time. Additional time costs 15 cents per minute.

For more information, call 1-800-806-2296, Ext. 100.

A Better Fixer Upper

If your tips on home improvement have been coming from the "Home Improvement" TV show, you might need a second opinion. Home Advice Hotline would like to help.

The hot line is a service of HouseMaster, a home-inspection company in Bound Brook, N.J. It answers questions on home-related matters such as radon, asbestos, lead, termites, building materials, home warranties, and wet basements.

Calls cost $2.45 per minute. If the company can't answer your question in about 10 minutes, it will research it and send you the answer. Any questions? Call 1-900-CALL-HOME, or 1-900-225-5466.



Cold And Dry

As the days get hotter, you'll want to keep cold products cold. Cubies, from **Reliable Industries,** in Gladstone, N.J., are reusable ice cubes made to keep products cold during shipment and use.

The 2-inch-by-2-inch cooler packs are made of soft, pliable film approved by the U.S. Food and Drug Administration and contain purified water. The company says they last 30 percent longer than wet cubes, and they don't melt. You can also microwave the cubes to keep them—or anything they're packed with—warm.

Cubies are available in various quantities, including 12-piece sample bags. One bag costs $1.80 with shipping; a case of 25 bags costs $20 with shipping. For more information, call (908) 560-3700.

Take It On The Road

Companies that outgrow their office space when auditors, salespeople, and temporary staff members come on board can wheel out a spare. The Steamer, from Haworth Inc., of Chicago, is a self-contained portable office.



When it's closed, the Steamer is 62 3/4 inches high, 36 inches wide, and 24 inches deep. It weighs 300 pounds. Opened, it presents the user with a fold-down worktable, a marker board, a tack board, a multiple-outlet electrical power strip, and two adjustable shelves.

The Steamer costs between $2,000 and $3,000 depending on the choice of options, such as lighting and additional storage space. Haworth can also personalize the exterior of the unit.

For more information, call 1-800-344-2600.

Open For Competition

Perhaps Macy's wouldn't tell Gimbels, but Panel Concepts is talking.

When the manufacturer of open office systems in Santa Ana, Calif., introduced a new line of workstations, the company's president, Van Jacobsen, invited competitors to preview the product, join him for lunch, and give him feedback.

"Real innovations and breakthroughs come from small businesses," Jacobsen says, and the "spirit of competitive information" can spur that creativity. Is he afraid of revealing too much? "The fact is the sea is so big, and there's so much opportunity," he says. But the spirit of openness has limits, he adds. "Some things I won't tell."



Now Presenting ...

Tips on how to produce and deliver oral presentations are available in a free 26-page brochure, Simple Steps to a Powerful Presentation, from Quill Corp., the office-products marketer in Lincolnshire, Ill.

The brochure discusses the topic of overcoming panic and moves on to other matters, including the work to be done before the writing begins, how to use oral or visual aids, preparing yourself mentally and physically, delivering the presentation, answering questions, and distributing materials afterward.



Also included are the pros and cons of various types of visual aids.

For a copy of the brochure, call 1-800-789-1331. NB

Does everything a copier should. Including staying crunchy in milk.



Besides making crisp, clear copies, Royal Copystar copiers are built to last. And with a full line from compact to desktop to high-volume systems, you're sure to find the one that's right. No matter what your appetite.

ROYAL COPYSTAR

Call 1-800-824-STAR

Circle No. 24 on Reader Service Card

© 1995 Copystar



STARTING A NEW BUSINESS IS SIMPLY A MATTER OF KNOWING WHERE TO TURN.

The uncertainties of starting a business could corner you. You need information, but don't know where to find it. Quickly and easily. How do you get special government financing? Or build a business plan? What about tax laws? Just to name a few...

But now there's help. Introducing ***AT&T Resources for New Business.***™ *Only from AT&T.*

One call gives you direct access to the people, information and answers that can help you navigate through the difficulties of starting a business.

Questions about technology, specific industries or the Internet? You can even get information by fax. 24 hours a day, 7 days a week. You can also receive hundreds of dollars of discounts on office equipment, computer software and more.

These benefits are made possible through AT&T's alliances with leading information, technology and office supply companies.

And best of all, these resources are now available through one easy source. The same source that provides you with reliable, high-quality long distance service: AT&T.

You can only get this from AT&T. So call ***1 800 STARTER****. And discover how we can help get your business started in the right direction.*

It's not what you'd expect from a long distance company, but that's the point.

AT&T. For the life of your business.™

AT&T

The Business Advocate

SUPPLEMENT TO Nation's Business JULY 1995

U.S. Chamber of Commerce

Chamber Leads Coalition For A Balanced Budget



Bruce Josten, center, the U.S. Chamber's senior vice president for membership policy, presents House Speaker Newt Gingrich, R-Ga., right, with a letter from the Coalition for a Balanced Budget pledging business' support for balancing the budget by the year 2002. Josten and Paul Beckner, left, president of Citizens for a Sound Economy, co-chair the coalition.

A coalition of business groups led by the U.S. Chamber of Commerce is urging senators and representatives to stand firm on balancing the federal budget by the year 2002.

The Coalition for a Balanced Budget, which the Chamber co-chairs with Citizens for a Sound Economy, a public-interest organization based in Washington, is working diligently to ensure that a balanced-budget plan emerging in Congress is not derailed.

Continued on Page 12A

■ Legislation

Senate Targeted After House Passes Water Bill

A coalition of business groups, including the U.S. Chamber of Commerce, is focusing its efforts on the Senate now that the House has approved legislation that would make the Clean Water Act less burdensome for companies.

The Senate Environment and Public Works Committee likely will begin hearings soon on a proposal being crafted by Sen. John H. Chafee, R-R.I., chairman of the Environment and Public Works Committee. Chafee's bill is likely to be narrower than the House legislation.

The 1972 Clean Water Act deals with water pollution, waste- and storm-water discharges, and wetlands preservation. The statute was last reauthorized in 1987, and even though the act expired in 1992, the Environmental Protection Agency (EPA) continues to enforce it.



Rep. Bud Shuster, R-Pa., left, who sponsored legislation to reform and reauthorize the Clean Water Act, talks with the U.S. Chamber's Charles W. Ingram, associate manager of environmental policy, about the business-backed measure, which the House passed in May.

The Chamber scored a major victory when the House passed its version of clean-water reauthorization legislation May 16 on a 240-185 vote. Called the Clean Water Amendments of 1995, the House bill would:

■ Require the EPA to conduct cost-benefit analyses of proposed clean-water regulations and to apply sound science when formulating rules. The agency also would have to compare with other threats to human health or the environment the relative risks that proposed clean-water regulations seek to reduce or eliminate.

■ Establish a framework for implementing solutions that deal with "non-point" sources of pollution such as storm water and runoff from farms. Management programs would be developed at the state and local levels to identify pollution priorities and formulate cost-effective solutions.

■ Eliminate some rigid federal requirements for water quality and grant more decision-making authority to state and local governments. The measure also would allow the EPA to recognize regional differences in setting water-quality standards.

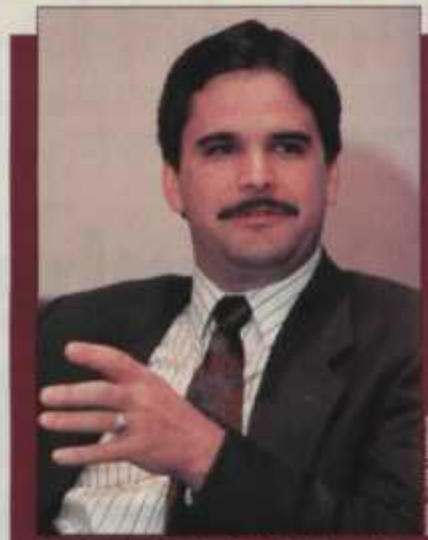
■ Authorize $15 billion over five years to the State Revolving Loan program to help communities finance waste-water infrastructure such as treatment plants.

This legislation, sponsored by Rep. Bud Shuster, R-Pa., chairman of the Transportation and Infrastructure Committee, also would redefine what constitutes a wetland and would require the federal government to compensate landowners when federal wetlands regulations reduced the value of their property by 20 percent or more.

The bill would define a wetland as an area that has surface saturation for 21 consecutive days, vegetation typical of a wetland, and wet soil. Currently, wetlands are defined as areas that have one of the following characteristics: surface water for 14 consecutive days, wet soil, or typical wetlands vegetation.

Call your senators immediately and urge them to vote soon for legislation to reform and reauthorize the Clean Water Act. Senators may be reached by dialing (202) 224-3121.

■ Species Act Reform



Rep. Richard Pombo, R-Calif., is pushing a proposal that would reform the Endangered Species Act. Some lawmakers are pushing for a vote on the measure by the full House before Congress' planned August recess.

■ Regulation

Seminar Slated

Top officials of several major federal regulatory agencies will participate in a briefing on the appropriate role of federal agencies in the rule-making process. The briefing will be held Oct. 17 at the U.S. Chamber of Commerce.

The regulators will take part in a panel discussion that will be followed by a question-and-answer session.

Among the agency chiefs scheduled to appear are Sally Katzen, administrator of the Office of Information and Regulatory Affairs; Joseph Dear, administrator of the Occupational Safety and Health Administration; Gilbert Casellas, chairman of the Equal Employment Opportunity Commission; Robert Pitofsky, chairman of the Federal Trade Commission; and Fred Hansen, deputy administrator of the Environmental Protection Agency.

House Majority Whip Tom DeLay of Texas, one of the Republican leaders fighting to reform the regulatory process, will be the luncheon speaker. The all-day event will begin at 9 a.m. and costs $250—$225 for National Chamber Litigation Center members.

For more information, call Cam Esser at (202) 463-5337.

Fast Track

Quick Action Backed On Trade Bill

The U.S. Chamber of Commerce is urging Congress to renew fast-track trade-negotiating authority to permit the U.S. to expedite congressional consideration of international trade agreements.

Fast-track authority is particularly important now as the U.S. moves toward expanding the North American Free Trade Agreement to the countries of Latin America, such as Chile.

The Chamber recently pledged its support for renewal of the trade-negotiating tool before a joint hearing of the House Ways and Means Subcommittee on Trade and the House Rules Subcommittee on Rules and Organization.

Fast-track authority allows the president—usually through the Office of the U.S. Trade Representative—to enter into trade agreements that will either be approved or disapproved by Congress within a specified time, without amendments. Previous fast-track authority expired last year.

Once fast-track authority is renewed, the Chamber says, the administration should "consult regularly" with Congress and the private sector as it plans and executes its trade-negotiating strategies.



U.S. Chamber director Bruce D. Cowen, left, and Wolf Brueckmann, manager/Western Hemisphere in the Chamber's International Division, confer before Cowen's testimony supporting renewal of fast-track trade-negotiating authority.

In testimony on behalf of the business federation, Chamber board member Bruce D. Cowen told the panels that the organization supports fast-track authority because "the United States' trading partners will not sit down to negotiate an agreement that can be undone or modified significantly—and after the fact—by the Congress. They need to know that the deal will either pass or fail as is, without the uncertainty of numerous amendments or 'death by a thousand cuts.'

"This is basic to doing business," he said. "One simply cannot expend valuable time and resources contracting with negotiators who are not in a position to commit their company—or nation—to an agreement."

Cowen, who is president of the international environmental engineering and consulting firm TRC Companies, Inc., of Windsor, Conn., also said that fast-track trade-negotiating authority should apply worldwide and that it should be limited to trade issues and "not serve as a catch-all for labor, environmental, and other issues that are not directly trade-related."

Toll-Free Number

Call To Urge Wage-Law Repeal

A toll-free telephone number has been established for calls urging members of Congress to repeal the Davis-Bacon prevailing-wage law.

The number, 1-800-651-1463, was set up by the U.S. Chamber of Commerce and other members of a business coalition working for repeal.

By dialing the number, callers may send a telegram—at no cost—to their respective senators and representative urging elimination of the Depression-era labor law.

The Davis-Bacon Act requires contractors on federally funded projects of $2,000 or more to pay their workers the area's prevailing wage, which usually is the union wage.

A bill sponsored by Sen. Nancy Landon Kassebaum, R-Kan., to repeal the statute is ready for Senate floor action, and a similar House bill sponsored by Rep. Cass Ballenger, R-N.C., was expected to be approved by the Economic and Educational Opportunities Committee and sent to the House floor in June or July.

Call 1-800-651-1463 to let your senators and representative know that you want the Davis-Bacon Act repealed.

America's Lowest Priced Office Supplies Direct to You Guaranteed℠

WHOLESALE SUPPLY Company

PAPER MATE.

Flexgrip Refillable Pen
• Medium point
• Black



#96301 $6.34 DZ.

BIC

BIC® Wite-Out® Correction Fluid
• .68 oz. bottle
• Sold in DZ.
• Quick dry
• White



#WOQD12WHI 67¢ EA

3M

C38 Tape Dispenser



• Designed to hold tapes up to 3/4" x 36 yds.

#C38BK $1.29 EA

3M

Post-it



Post-it™ Note Pads
• 3" x 5"
• Yellow
• Sold in DZ

#655YW 66¢ EA

You simply won't find lower prices on brand name office supplies than at Wholesale Supply Company. Over 9,700 different items, same-day shipping, and all at prices you have to see to believe. We guarantee it... or 5% back on your purchase! Call for details. You will receive our FREE 552-page catalog with your first order.

1-800-962-9162

Ask For Ad Code A249

■ Television

'First Business' Expands Its Reach

The weekday business news television program of the U.S. Chamber of Commerce, "First Business," has been picked up by dozens of stations nationwide since entering syndication in April.

The live half-hour program, which focuses on the interests of small business and offers a concise look at breaking news as well as business news, is broadcast by satellite from the Chamber's Washington, D.C., headquarters.

The show is available in syndication through three satellite feeds beginning at 5 a.m. Eastern time, with updated versions available at 5:30 a.m. and 6 a.m. (Check the listing below for the time and station in your area.)

In addition to the local broadcast stations, the show can be seen on these regional cable outlets: Cable Television Network of New Jersey (5:30 a.m.), Tennessee News & Information in Knoxville (7 a.m.), and News Channel 8 in Washington, D.C. (9:30 a.m.).

It also airs on USA Latin America, a service of the USA Network, at 7 a.m. and 7:30 a.m.

"First Business" is sponsored by Connecticut Mutual Life Insurance Co.

CITY	STATION	TIME	AFFILIATE
Albany-Kingston, N.Y.	WTZA-62	6:30 a.m.	Independent
Athens, Ga.	WNGM-34	6 a.m.	Independent
Butte, Mont.	KTVM-6	6 a.m.	NBC
Casper-Riverton, Wyo.	KTWO -2	5:30 a.m.	NBC
Cedar City, Utah	KSGI-4	7:30 a.m.	Independent
Cheyenne, Wyo.	KKTU-33	5:30 a.m.	NBC
Denver	KDVR-31	5:30 a.m.	FOX
Fairbanks, Alaska	KFXF -7	6 a.m.	FOX
Fayetteville, N.C.	WFAY-62	7 a.m. and 11:30 a.m.	FOX
Flagstaff, Ariz.	KWBF-13	7:30 a.m. and 8 a.m.	Warner Brothers
Hagerstown, Md.	WJAL-68	6 a.m.	Warner Brothers
Harrisburg-Lancaster-Lebanon-York, Pa.	WHP-21	5:30 a.m.	CBS
Hartford-New Haven, Conn.	WVIT-30	5:30 a.m.	NBC
Houston	KNWS-51	5:30 a.m.	Independent
Huntsville- Florence, Ala.	WYLE-26	9 a.m.	Independent
Jacksonville, Fla.-Brunswick, Ga.	WBSG-21	7:30 a.m.	Warner Brothers
Kalispell, Mont.	KCFW-9	6 a.m.	NBC
Kansas City, Mo.	WDAF-4	5:30 a.m.	FOX
Las Vegas	KFBT-33	5 a.m.	Warner Brothers
Missoula, Mont.	KECI-13	6 a.m.	NBC
Monroe, La.	KTVE-10	6 a.m.	NBC
New Orleans	WUPL-54	6 a.m.	United Paramount Network
Norfolk-Hampton, Va.	WPEN-51	8 a.m.	Independent
Ogden, Utah	KOOG-30	7 a.m.	Warner Brothers
Phoenix-Prescott, Ariz.	KUSK-7	5:30 a.m.	Independent
Raleigh-Durham, N.C.	WRAY-30	7 a.m. and 11:30 a.m.	Independent
St. Croix, Virgin Islands	WSVI-8	11 a.m.	ABC
Salt Lake City	KSL-5	5 a.m.	CBS
San Francisco	KTVU-2	5:30 a.m.	FOX
Tampa-St. Petersburg-Sarasota, Fla.	WBSV-62	7 a.m.	Independent
Tri-Cities, Tenn.-Va.	WEMT-39	5 a.m.	FOX
Twin Falls, Idaho	KMVT -11	5:30 a.m.	CBS
Waco-Temple-Bryan, Texas	KYLE-28	8 a.m.	Independent
Youngstown, Ohio	WFMJ-21	6 a.m.	NBC

■ Transportation Funds

Trusts Should Be Off Limits

Congress should prohibit the use of money in the transportation trust funds to help balance the federal budget, according to the U.S. Chamber of Commerce.

The business federation is backing similar bills introduced in the House and Senate to prohibit such use of the highway, airport, and waterways trust funds.

The House legislation, which has more than 200 co-sponsors, recently was approved by the Transportation and Infrastructure Committee. There had been no action on the Senate bill as of early June.

The broad budget outlines that were passed in the form of fiscal 1996 budget resolutions by the House and Senate in May were silent on the trust funds. House Speaker Newt Gingrich, R-Ga., has since formed a task force to consider ways to take the funds "off budget."

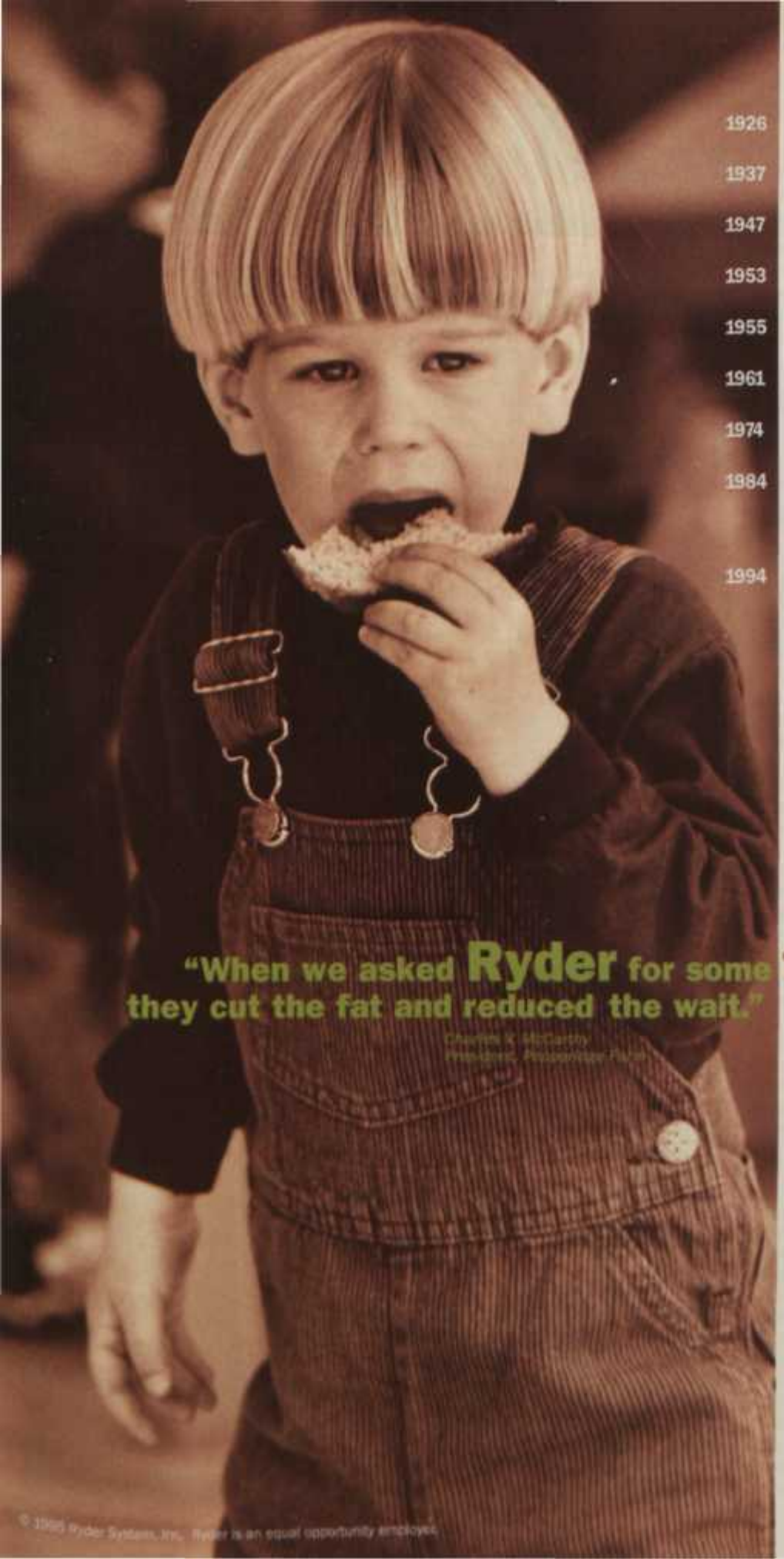
Congressional action on the issue is expected to be put on hold until the task force completes its review.

When Congress established the transportation trust funds, lawmakers had an explicit goal in mind—to finance transportation improvements. While money has been spent for improvements, Congress has refused to use all of the money in the trust funds despite the need for infrastructure repairs.

The funds have consequently accumulated huge surpluses, which have been treated as general tax revenues and used on paper to help balance the federal budget. They currently have a surplus of about $33 billion, more than $20 billion of which is in the highway trust fund.

The trust funds are financed through such means as a tax on motor fuels, an airline facility charge commonly known as the ticket tax, and aviation and waterways fuel and cargo excise taxes.

Removing the trust funds from the budget, according to the Chamber, would help address the more than $360 billion in airport, highway, mass transit, and waterway capital needs identified by the U.S. Transportation Department.



Pepperidge Farm

1926 Margaret Rudkin buys farm filled with pepperidge trees.

1937 Starts mail-order bread business out of her kitchen.

1947 Opens first of eight modern bakeries.

1953 Over one million loaves of bread produced per week.

1955 After trip to Brussels, inspired to produce elegant cookies.

1961 Joins forces with Campbell Soup Company.

1974 Enlists Ryder Full Service Lease to help improve customer satisfaction.

1984 **Integrated Logistics from Ryder helps Pepperidge Farm deliver the freshest product to market, from oven to shelf in no time at all.**

1994 Commitment to quality and excellence causes sales to exceed $600 million.

"When we asked Ryder for some fresh ideas, they cut the fat and reduced the wait."

Speed Products to Market

Improve Customer Satisfaction

Free Working Capital

Reduce Inventory Investment

Expand Globally

What can we do for you?

1 800 RYDER OK

Ext. 473

Integrated Logistics From

RYDER.

© 1995 Ryder System, Inc. Ryder is an equal opportunity employer.

Health Care

Portable Insurance Urged

The U.S. Chamber of Commerce is supporting legislation that would allow workers to carry their health insurance from job to job.

The Chamber specifically urged the House Ways and Means Subcommittee on Health to approve a bill introduced by Rep. William M. Thomas, R-Calif., that would limit the use of "pre-existing conditions" to exclude individuals from obtaining health-insurance coverage. Such health conditions are routinely used to bar individuals from obtaining health-insurance coverage under a new employer.



The U.S. Chamber's E. Neal Trautwein testifies in favor of legislation that would allow workers to continue their health-insurance coverage when they change employers.

In testimony before the committee in mid-May, E. Neil Trautwein, manager of health-care policy for the Chamber, said that the Chamber believes Thomas' bill would be "an important and effective step to 'unlocking' the job-lock barrier."

The "job-lock" problem occurs, he said, when an employee, or his or her covered dependents, has health insurance but also has a pre-existing health condition that would not be covered under a health policy at a new employer. Such conditions, in effect, "lock" an employee into a job, he said.

Under Thomas' bill, as long as a worker's group health coverage was continuous or without a break of more than 60 days, the employee could not be excluded from his or her new employer's health plan.

Portability of health insurance is one of the elements of a market-based health-care reform plan advocated by the Chamber. The concept also has broad support among members of Congress.

A bill similar to Thomas' is being sponsored by Rep. Nancy L. Johnson, R-Conn. Her measure, on which the Chamber has not taken a position, would also protect individuals who want to move to an employer's group coverage. It would allow employees leaving their job to purchase health insurance at various coverage levels from their old employer under the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985.

Currently under COBRA, employees can extend their health insurance only by paying 102 percent of the full cost of coverage. Johnson's legislation would allow extending lesser levels of coverage by paying 67 percent or 50 percent of the full cost, depending on the level of coverage preferred.

Action on the measures, which would next be considered by the full Ways and Means Committee, is expected in the coming weeks.

Research Rules

Chamber Backs Tax Changes

The U.S. Chamber of Commerce is pushing for permanent extension of the research-and-experimentation tax credit and is urging clarification of a rule related to research-and-development costs.

In a statement submitted to the Senate Finance Subcommittee on Taxation and IRS Oversight, the Chamber urged lawmakers to make permanent the research-and-experimentation tax credit, which is set to expire June 30.

Currently, the tax provision allows companies to take as a credit against taxes owed 20 percent of the amount over a separately computed base amount of qualified research expenses incurred in the tax year. It also limits the R&E tax deduction from income to the R&E expenses for the year less the amount of the tax credit.

The Chamber also asked the panel to clarify an R&D expense-allocation rule that effectively has led to the double taxation of U.S. firms with foreign operations.

The regulation requires U.S. multinational companies with foreign-source income to treat a portion of their domestic R&D expenses as if they were incurred abroad.

International



Czech Republic Prime Minister Vaclav Klaus told business leaders at a recent meeting of the International Forum at the U.S. Chamber that his country is now in a post-transformation from a centrally planned economy to a free-market economy.

GAIN UPDATE
GRASSROOTS ACTION INFORMATION NETWORK
U.S. Chamber of Commerce Federation

Congress Has Chance To Modernize Food-Safety Laws

Chamber Urges Quick Movement On 'Much-Needed' Update Of 1958 Measure

Quick congressional action on legislation that would modernize the nation's food-safety laws is being urged by the U.S. Chamber of Commerce.

The Chamber is supporting the Food Quality Protection Act, sponsored by Reps. Thomas J. Bliley Jr., R-Va., and Pat Roberts, R-Kan., which would overhaul the nearly 40-year-old Delaney clause.

The clause, adopted in 1958 as an amendment to the Federal Food, Drug and Cosmetic Act, bars any trace of a food additive or residue of a pesticide in processed food if the substance has been found to cause cancer in laboratory animals.



Most scientists agree that the clause's "zero-tolerance" standard is obsolete because of advances in quantitative laboratory analyses in the decades since the measure was enacted. In the late 1950s, laboratory scientists could only detect relatively large amounts of chemical residues in foods. Currently, better testing methods make possible the detection of extremely tiny amounts of such residues—even in parts per trillion. These minute amounts pose no health risks, according to most food scientists, yet are still subject to the Delaney standard.

Also, the Delaney clause applies only to pesticides registered after 1958. It therefore impedes the introduction of newer, lower-risk pesticides that are capable of replacing riskier, pre-1958 pesticide products. This dichotomy has been dubbed the "Delaney paradox."

Adding to the confusion, the Delaney clause only applies to processed foods, not fresh or raw commodities such as fruits and vegetables. Consequently, a fresh apple containing a minute residue of a pesticide is perfectly legal, while apple sauce containing the same residue is banned from the food supply.

The Bliley-Roberts bill, H.R. 1627, would replace the zero-risk Delaney standard with a negligible-risk standard, under which pesticide residues and additives would be allowed in the food supply if rigorous scientific testing shows these substances do not pose an appreciable risk to consumers. Under the bill, the standard would apply to all foods—processed and fresh, including fruits and vegetables.

Bliley is chairman of the House Commerce Committee, and Roberts heads the House Agriculture Committee. Both panels have jurisdiction over food-safety issues.

The legislation would also overhaul the nation's basic pesticide-control law, the Federal Insecticide, Fungicide and Rodenticide Act, thereby making it easier to remove unsafe pesticide products and to protect infants and children from pesticide residues in their diets. This would be done by speeding up the timetable for canceling registrations of pesticides suspected of harmful health effects.

Another feature of the bill would benefit growers of "minor crops" such as celery and asparagus by making it easier for chemical manufacturers to get approval for the crop-protection products used on these small-acreage crops.

Finally, the measure would ensure national uniformity of pesticide tolerances, warning requirements, and other restrictions and would provide consistent, nationwide tolerances and safeguards against misuse of pesticides, according to the Chamber.

"Passage of the Food Quality Protection Act is a top priority of the entire food industry, including growers, processors, and retailers," said Stuart Hardy, the Chamber's food-law specialist. "The outmoded Delaney clause, as interpreted by a recent court decision, jeopardizes the continued use of dozens of safe, effective food-use chemicals, which have numerous health benefits for consumers.

"Especially troubling," said Hardy, "is the fact that many of the nearly 80 chemicals now under threat of being banned help protect the food supply from potentially deadly bacteria and other microbial contaminants."

Until recently, the U.S. Environmental Protection Agency got around the problem by a broad interpretation of the Delaney clause and a de facto policy of permitting substances in the food supply if they were found to pose a *de minimus*, or

How You Can Join GAIN

The Grassroots Action Information Network—GAIN—enhances the ability of business people to influence government decisions that affect their enterprises. Through the network, U.S. Chamber specialists on legislative and regulatory issues provide activist business people with the timely and thorough information they need to urge their members of Congress to cast pro-enterprise votes.

For more information on how to become a member of this network, call (202) 463-5604.

negligible, risk to humans. This policy was struck down by a U.S. appeals court in 1992.

Significantly, the court concluded that the *de minimus* policy made sense, but it believed it had no choice but to order a strict interpretation of the Delaney clause in the absence of a statutory remedy by Congress.

Growers are especially threatened by the court's strict interpretation. Farmers will lose access to many of the safe pesticides they need, said the Chamber's Hardy. That will result in less-abundant crops, a loss of quality, and more-expensive food.

"Comprehensive reform of the Delaney clause and the pesticide law are essential if we are to ensure consumer access to safe, abundant, and affordable food products," Hardy said. "Congressional action is needed this year to prevent the very real threat of a significant disruption in the nation's food supply."

A Senate bill similar to the House measure supported by the Chamber is expected to be introduced soon by Sen. Richard G. Lugar, R-Ind., chairman of the Senate Agriculture Committee.

Write your representative and urge him or her to support the Bliley-Roberts Food Quality Protection Act (H.R. 1627) to ensure a safer U.S. food supply. The address: U.S. House of Representatives, Washington, D.C. 20515.

Market-Based Health-Reform Proposals Gain Attention In House Of Representatives

Various proposals are emerging in Congress to implement market-based reforms to the nation's health-care system, and the U.S. Chamber of Commerce is backing some of them.

House Speaker Newt Gingrich, R-Ga., has appointed a task force, chaired by Rep. J. Dennis Hastert, R-Ill., to organize representatives' health-care reform efforts and to mediate between competing approaches. So far the most widely discussed alternatives have been introduced by Reps. Harris W. Fawell, R-Ill., William M. Thomas, R-Calif., and Nancy L. Johnson, R-Conn.

Fawell's measure, H.R. 995, the ERISA Targeted Health Insurance Reform Act of 1995, would expand small-business access to multiple-employer health plans by amending the Employee Retirement Income Security Act.

The bill would allow small employers to form pools to negotiate for health-insurance rates, require that workers' health insurance be renewed, limit insurers' use of pre-existing medical conditions as a reason for denying coverage, and allow employees more options when they elect to continue health coverage when they change jobs.



Chamber President Richard L. Lesher recently testified in favor of the legislation, which he said would bring "needed adjustments that do not restrict the choice of coverage the American public now enjoys and also that do not create an oppressive government bureaucracy."

Thomas' measure, H.R. 1610, would provide insurance portability between group plans—that is, health insurance could be taken from job to job—by restricting use of pre-existing conditions in decisions to grant or reject coverage. The Chamber's manager of health-care policy, E. Neil Trautwein, recently testified before the House Ways and Means Subcommittee on Health in support of H.R. 1610. (For details, see Page 6A.)

Johnson's Working Families Health Access Act, H.R. 1604, also would provide for portable group and individual health insurance. It also would expand health-insurance coverage options under the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985, which would make continuation of coverage after an individual leaves the work force more affordable. In addition to continuing coverage by purchasing insurance at 102 percent of the employer's cost, a worker could buy lesser coverage at 67 percent of the cost or even less coverage at 50 percent.

The Chamber has not yet taken a position on Johnson's bill. The business federation is concerned that, by increasing COBRA options, the legislation could destabilize the insurance market and increase administrative burdens on employers.

Reps. Michael Bilirakis, R-Fla., and Mike Parker, D-Miss.,

Writing To Members Of Congress

When time allows, writing your federal legislators is one of the most effective ways to get your views across to them.

Legislators and their staffs pay close attention to mail from constituents. A brief personal letter, written in your own words, will tell your members of Congress that you care about an issue enough to take the time to write.

When you write:

- Include a return address on your stationery so that you'll receive a reply—envelopes typically are discarded.
- State that you are a constituent.
- Discuss only one subject in each letter.
- Begin your letter by identifying the specific legislation you're writing about, and include the bill number if possible.
- Express your opinion strongly, but never threaten.
- Ask your member of Congress to explain his or her position on the matter to you in a reply to your letter.

It's also important to thank your member of Congress for his or her vote on an issue and write to express disapproval when you're unhappy with a vote. This will let your member of Congress know you're keeping track of his or her voting record. (GAIN, the U.S. Chamber's Grassroots Action Information Network, provides you with this information. For details on joining GAIN, see Page 7A.)

Addresses for representatives and senators are: U.S. House of Representatives, Washington, D.C. 20515, and U.S. Senate, Washington, D.C. 20510. Lawmakers should be addressed on the envelope and in the letter opening as "The Honorable (full name)," but the salutation can be "Dear Senator Jones" or "Dear Congressman Smith," for example.

are expected to introduce a measure that calls for portability of coverage, malpractice-insurance reform, 100 percent deductibility of health-insurance costs for the self-employed, and the availability of coverage regardless of pre-existing conditions.

Those provisions are part of the Chamber's eight-point health-reform plan, which was formulated through a survey of its 220,000 members last year.

No proposal seems to be gaining more support than the others thus far, says the Chamber's Trautwein. Bilirakis, Fawell, and Thomas, who each chair House subcommittees with jurisdiction over health-care issues, are working hard to build consensus around their respective proposals, Trautwein says.

No significant health legislation is moving in the Senate.

On another health-care topic, Trautwein says business should be wary of emerging efforts to refinance the Medicare Trust Fund, projected to become insolvent by 2002. These efforts could lead to higher taxes, increased cost-shifting to the private sector, or both, he says.

The scope of these reductions may lead to fundamental changes in how the programs operate, such as adding incentives for Medicare/Medicaid recipients to participate in managed care or giving vouchers to purchase private coverage, Trautwein says.

States Would Lose $13 Billion In Road Funds If Congress Fails To Pass Bill By Sept. 30

The U.S. Chamber of Commerce is pressing the Senate to pass a bill that would create a network of highways that is vital to America's economy and national defense. The business federation also is supporting similar legislation awaiting introduction in the House.

The legislation would create a so-called National Highway System (NHS). Failure to enact the measure by a statutory Sept. 30 deadline would mean the loss of $13 billion in highway funds to states for fiscal years 1996 and 1997.

The NHS legislation would designate 159,000 miles of America's key roads for travel and commerce. While this represents only about 4 percent of the nation's total public road mileage, these roads carry approximately 40 percent of urban traffic, 42 percent of rural traffic, 75 percent of vehicles traveling for commercial purposes, and 80 percent of tourism-related traffic. It would include the existing interstate highway system and other major arteries.

The Senate bill, S. 440, named the National Highway System Designation Act of 1995, was approved by the Senate Environment and Public Works Committee in May.

Senate Transportation and Infrastructure Subcommittee Chairman John W. Warner, R-Va., originally announced that S. 440 would not include funding for specific projects, but the bill passed by the committee authorizes funding for replacement of the Woodrow Wilson Bridge near Washington, D.C., and the renovation of Amtrak's Penn Station in New York City. Last year, differences over the inclusion of funding for some projects precluded Senate and House negotiators from reaching a compromise between bills passed by their respective bodies.

The U.S. Chamber was successful in preventing a controversial amendment from being attached to S. 440 that would have given states flexibility to use federal Highway Trust Fund dollars for subsidizing Amtrak's capital and operating budgets. However, the amendment still may be offered on the Senate floor.

Also, S. 440 contains a controversial provision that would exempt highway construction from the Davis-Bacon prevailing-wage law. The statute requires employers on federally funded jobs over $2,000 to pay workers the "prevailing" wage in an area, usually the rate paid to local union workers. The Chamber is a longtime advocate of repealing the Davis-Bacon Act.



Bob Parija, manager of transportation policy for the Chamber, says timely enactment of the NHS proposal would:

- Create thousands of jobs by expanding markets for American products, reduce U.S. transportation costs, increase industrial productivity, and improve American competitiveness at home and abroad.
- Create new opportunities by connecting rural America with U.S. marketplaces and ports and making cultural and scenic wonders more accessible.
- Advance U.S. transportation technology and expertise.
- Improve air quality by reducing congestion in major urban areas.

Contact your senators and representative. Let them know this issue dramatically affects the infrastructure on which businesses and individuals depend. Call or write your senators, and urge them to vote "yes" on the Senate floor for S. 440. Ask them to vote against amendments that would weaken the bill, such as an Amtrak subsidy. Urge your representative to contact House Transportation and Infrastructure Committee Chairman Bud Shuster, R-Pa., to ask that he introduce an NHS bill and join as a co-sponsor of the legislation.

We Value Your Opinion

Early this summer, all participants in GAIN, the Chamber's Grassroots Action Information Network, will be asked to complete a mail survey on issues likely to be decided by Congress next year.

Survey results will help the Chamber shape policies and determine legislative priorities for 1996.

If you are not a GAIN participant, or if you are not sure whether you have filled out a brief GAIN profile of issues most important to your business—which establishes you as a participant in the network—you can obtain a form by calling (202) 463-5604.

Register for GAIN today so you can participate in the U.S. Chamber's 1996 legislative survey.

GAIN UPDATE

Thank Senators Who Approved Product-Liability Legislation

The U.S. Chamber of Commerce is urging its members to thank their senators who voted for legislation to reform the nation's product-liability system.

If a senator voted against the measure, Chamber members in the legislator's state are being urged to express their disapproval.

The address is U.S. Senate, Washington, D.C. 20510.

The Senate voted 61-37 to approve the legislation May 10. The vote was a major victory for Chamber members, who have been fighting for such a bill for nearly 15 years.

The victory came after Senate proponents failed three times to stop extended debate, known as a filibuster, of a broader legal-reform bill.

Like the broader bill passed by the House in early March, the Senate-passed legislation would provide incentives for quicker settlements of lawsuits, speedier compensation to injured parties, and reductions in legal costs for both sides in suits. The measure would also limit the liability of retailers and wholesalers for the sale of defective products and limit punitive damages in some cases.

A House-Senate conference committee soon will begin working out differences in the bills.

Senate Product-Liability Vote

VOTED FOR BILL

ALASKA
Murkowski
Stevens

ARIZONA
Kyl
McCain

ARKANSAS
Pryor

CALIFORNIA
Feinstein

COLORADO
Brown
Campbell

CONNECTICUT
Dodd

FLORIDA
Mack

GEORGIA
Coverdell
Nunn

IDAHO
Craig
Kempthorne

ILLINOIS
Moseley-Braun

INDIANA
Coats
Lugar

IOWA
Grassley

KANSAS
Dole
Kassebaum

KENTUCKY
McConnell

LOUISIANA
Johnston

MAINE
Snowe

MARYLAND
Mikulski

MICHIGAN
Abraham

MINNESOTA
Grams

MISSISSIPPI
Cochran
Lott

MISSOURI
Ashcroft
Bond

MONTANA
Burns

NEBRASKA
Exon

NEW HAMPSHIRE
Gregg
Smith

NEW MEXICO
Domenici

NORTH CAROLINA
Faircloth
Helms

NORTH DAKOTA
Conrad
Dorgan

OHIO
DeWine
Glenn

OKLAHOMA
Inhofe
Nickles

OREGON
Hatfield

PENNSYLVANIA
Santorum

RHODE ISLAND
Chafee
Pell

SOUTH CAROLINA
Thurmond

SOUTH DAKOTA
Pressler

TENNESSEE
Frist
Thompson

TEXAS
Gramm
Hutchison

UTAH
Bennett
Hatch

VERMONT
Jeffords

VIRGINIA
Robb

WASHINGTON
Gorton

WEST VIRGINIA
Rockefeller

WISCONSIN
Kohl

WYOMING
Thomas

VOTED AGAINST BILL

ALABAMA
Shelby
Heflin

ARKANSAS
Bumpers

CALIFORNIA
Boxer

DELAWARE
Roth
Biden

FLORIDA
Graham

HAWAII
Akaka
Inouye

ILLINOIS
Simon

IOWA
Harkin

KENTUCKY
Ford

LOUISIANA
Breaux

MAINE
Cohen

MARYLAND
Sarbanes

MASSACHUSETTS
Kennedy
Kerry, John

MICHIGAN
Levin

MINNESOTA
Wellstone

MONTANA
Baucus

NEBRASKA
Kerrey, Robert

NEVADA
Bryan
Reid

NEW JERSEY
Bradley
Lautenberg

NEW MEXICO
Bingaman

NEW YORK
D'Amato
Moynihan

OREGON
Packwood

PENNSYLVANIA
Specter

SOUTH CAROLINA
Hollings

SOUTH DAKOTA
Daschle

VERMONT
Leahy

WASHINGTON
Murray

WEST VIRGINIA
Byrd

WISCONSIN
Feingold

WYOMING
Simpson

DID NOT VOTE

CONNECTICUT
Lieberman

VIRGINIA
Warner

ADVERTISEMENT

What Will You Do When Your Personal Assets Are Seized to Satisfy A Judgment Against Your Corporation?

All your many tax benefits of owning a corporation could be wiped out overnight. How? The I.R.S. could visit you and claim you have not kept proper corporate minutes. You could lose the very tax benefits to which the law entitles you.

Here are some recent "horror stories" direct from actual court cases:

Joseph P. obtained a loan from his corporation without the proper loan documents and corporate minutes. As a result, the court required him to pay additional taxes of $27,111.60. He narrowly escaped a penalty of $13,555.80.

B.W.C., Inc. was forced to pay $106,358.61 of accumulated earnings tax because its corporate minutes were incomplete. They expressed "no specific, definite, or feasible plans" to justify accumulating earnings, according to the court.

Keeping records has always been a bother, and an expensive one, especially for small companies. Most entrepreneurs do not like to spend time keeping records. Probably because no one ever became rich by keeping records. And in a small, one-person business, it seems downright silly to keep records of stockholder meetings and board of directors meetings...keeping minutes...taking votes...adopting resolutions...isn't it all just a waste of time?

Not if you ask any of the thousands of entrepreneurs who have lost fortunes because they failed to keep records. You should look at corporate recordkeeping chores this way: *It's part of the price you pay to get the tax benefits and personal protection from having a corporation.*

A corporation does not exist except on paper, through its charter, by-laws, stock certificates, resolutions, etc. Anything you do as an officer or director has to be duly authorized and evidenced by a resolution of the stockholders or the board, or by both in some cases. It makes no difference if there is only one stockholder or one million stockholders. The rules are basically the same.

You can hire a lawyer, like the big companies do, and pay $100 or more just to prepare one form. But you may need, at minimum, a dozen or more documents to keep your corporation alive and functioning for just one year. This type of work is the bread and butter for many corporation lawyers. Most of the work can be done by their secretaries, yet they will charge you enormous sums because they know how important these forms are.

There is now a way for you to solve your corporate recordkeeping problems. Without a lawyer, without paying big fees, and without spending a lot of time. Virtually all the forms you will ever need are already compiled in **The Complete Book of Corporate Forms** by Ted Nicholas. Nicholas also created the highly popular computer diskettes for **The Complete Book of Corporate Forms**. These diskettes can save you hours of valuable time—and can save you literally thousands of tax dollars each year.

But forming a corporation is only the first step toward building "the ultimate tax shelter." Through carelessness or neglect, many people are denied their rightful benefits from owning their own corporation. Ted Nicholas saw that many business owners needed more help *after* they incorporated.

And so, he prepared **The Complete Book of Corporate Forms**. Everything is simplified. Either you or your secretary can complete any form in minutes. All you do is fill in a few blanks and insert the completed form in your record book. When you own this book, you are granted permission to reproduce every form. If you are behind on keeping your corporate records, now you can catch up in no time. Just complete a few blanks for the things you've already done in the company. It's legal and it works. Best of all, the price is less than you would pay a lawyer for one hour of counseling.

Here is just a sample of what you'll receive:

Minutes of Stockholders Meetings
Minutes of Directors Meetings
Minutes of Special Meetings
(Any of these can be used if you are the only stockholder and director.)
Amendments to Articles of Incorporation
Amendments to By-Laws

You will also receive all the stockholder and directors resolutions you will need including:

• Negotiations of contracts • Authorizing loans to corporation • Approval of corporate loans to you • Designation of purchasing agent *(some suppliers may want to know who is authorized to buy from them)* • Setting your salary • Directors fees • Authorizing your expense account • Mergers • Sale of corporate assets • Dissolution • Bankruptcy • Declaring dividends • Appointment of attorney or accountant

Plus, you'll receive the forms needed to authorize any of these tax-saving fringe benefits:

• Pension or profit-sharing plans • Medical and dental reimbursement plans • Sick pay plans • Split dollar life insurance • Educational loan program • Scholarship aid program • Stock options • Group life insurance • Financial counseling plan • Group legal services • Christmas bonus, special bonuses

Just one of the above forms can cost you hundreds of dollars in legal fees...

This entire loose-leaf collection of simplified forms (over 150 pages of forms), with clear instructions for their use, as well as samples of completed forms, sells for only $119.95.

And, as with all Dearborn Direct products, it sells under an iron-clad 30-day money-back guarantee. Examine the collection, and if for any reason you are not pleased, return it for a prompt refund. Take a moment to place your order now, and immediately begin saving time and money.

Complete the coupon below and mail.

For fastest service, call toll-free: 1-800-882-0933
or complete coupon and mail at once.



☐ Please rush me a copy of **THE COMPLETE BOOK OF CORPORATE FORMS** at $119.95 + $6.00 shipping and handling, under your 30-day money-back guarantee. Please check your preference:

☐ Binder & DOS Disk (4900-01-S1)
☐ Binder & MAC Disk (4900-02-S1)

☐ Check enclosed. Please charge my: ☐ Visa® ☐ MasterCard® ☐ Am Ex® ☐ Optima®

Account Number _____ Exp. Date _____

Signature _____
(All charge orders must be signed)

Name _____

Company _____ Business Phone () _____

Street Address _____

City/State/Zip _____ Business Fax () _____

Orders shipped to the following states must include applicable sales tax: CA, FL, IL, NY.

3 Easy Ways to Order: (1) Fill out this coupon and send with your check to: Dearborn Direct, 155 N. Wacker Drive, Chicago, IL 60606-1719. (2) FAX your order to: 312-836-9958. (3) Call 1-800-882-0933

305103

©1995 Dearborn Direct

■ Coalition Building

Budget Drive Intensifies

Continued from Page 1A

"We need a spending blueprint that shows the way to a balanced budget by 2002 without raising taxes. And we need it now," says Bruce Josten, the Chamber's senior vice president for membership policy.

A House-Senate conference committee is expected to produce a single resolution from slightly different plans passed by the two houses to establish the framework for the fiscal 1996 budget. Votes by the House and Senate on the conference resolution are expected in late June.



PHOTO: STEPHEN BROCK, BLACK STAR

The U.S. Chamber's Bruce Josten, right, talks with House Majority Leader Richard K. Armey, R-Texas, about the House Republicans' plan to balance the budget.

Congressional appropriations panels must then work within the budget outline in the resolution to establish actual spending details, which must ultimately be approved by both houses of Congress and the president.

(See "Going Broke" on Page 16 of *Nation's Business* for more details on the budget process.)

The federal fiscal year begins Oct. 1.

The House approved its resolution, proposed by its Budget Committee chairman, Rep. John R. Kasich, R-Ohio, on May 18 on a 238-193 vote. The Senate passed its resolution, proposed by Senate Budget Committee Chairman Pete V. Domenici, R-N.M., on May 25 on a vote of 57-42.

The House plan would permit government spending to grow by an average annual rate of 2.5 percent over the next seven years; the Senate plan would allow average annual growth of 3 percent through 2002. Under the current budget law, outlays would rise at an average annual rate of 4.7 percent for the next seven years, according to the Congressional Budget Office.

More than $350 billion in tax cuts over seven years were included in the House resolution. The Senate measure would create a "reserve fund" of savings achieved largely through reduced interest payments on the national debt, which would be cut by balancing the budget. The fund would be used to pay for tax cuts once the CBO certified that the final budget would be balanced by 2002.

See how your representative and senators voted below. Thank them if they voted to approve the resolutions.

HOUSE BUDGET-RESOLUTION VOTE

Yeas

ALABAMA
Bachus
Callahan
Everett

ALASKA
Young, Don

ARIZONA
Hayworth
Kolbe
Salmon
Shadegg
Stump

ARKANSAS
Dickey
Hutchinson

CALIFORNIA
Baker, Bill
Bilbray
Bono
Calvert
Condit
Cox
Cunningham
Doolittle
Dornan
Dreier
Gallegly
Herger
Horn
Hunter
Kim
Lewis, Jerry
McKeon
Moorhead
Packard
Pombo
Radanovich
Riggs
Rohrabacher
Royce
Seastrand
Thomas

COLORADO
Allard
Hefley
McInnis
Schaefer

CONNECTICUT
Franks, Gary
Johnson, Nancy
Shays

DELAWARE
Castle

FLORIDA
Bilirakis
Canady
Diaz-Balart
Foley
Fowler
Goss
McCollum
Mica
Miller, Dan
Ros-Lehtinen
Scarborough
Shaw
Stearns
Weldon, David
Young, Bill

GEORGIA
Barr
Chambliss
Collins, Mac
Deal
Gingrich
Kingston
Linder
Norwood

IDAHO
Chenoweth
Crapo

ILLINOIS
Crane
Ewing
Fawell
Hastert
Hyde
LaHood
Manzullo
Porter
Weller

INDIANA
Burton
Buyer
Hostettler
McIntosh
Myers
Souder

IOWA
Ganske
Latham
Leach
Lightfoot
Nussle

KANSAS
Brownback
Meyers
Roberts
Tiahrt

KENTUCKY
Bunning
Lewis, Ron
Rogers
Whitfield

LOUISIANA
Baker, Richard
Livingston
McCrery
Tauzin

MAINE
Longley

MARYLAND
Bartlett
Ehrlich
Gilchrest
Morella

MASSACHUSETTS
Blute
Torkildsen

MICHIGAN
Camp
Chrysler
Ehlers
Hoekstra
Knollenberg
Smith, Nick
Upton

MINNESOTA
Gutknecht
Ramstad

MISSISSIPPI
Montgomery
Parker
Taylor, Gene
Wicker

MISSOURI
Emerson
Hancock
Talent

NEBRASKA
Barrett, Bill
Bereuter
Christensen

NEVADA
Ensign
Vucanovich

NEW HAMPSHIRE
Bass
Zeliff

NEW JERSEY
Franks, Bob
Frelinghuysen
LoBiondo
Martini
Roukema
Saxton
Smith, Christopher
Zimmer

NEW MEXICO
Schiff
Skeen

NEW YORK
Boehlert
Forbes
Frisa
Gilman
Houghton
Kelly
King
Lazio
McHugh
Molinari
Paxon
Quinn
Solomon
Walsh

NORTH CAROLINA
Ballenger
Burr
Coble
Funderburk
Heineman
Jones
Myrick
Taylor, Charles

OHIO
Boehner
Chabot
Cremeans
Gillmor
Hobson
Hoke
Kasich
LaTourette
Ney
Oxley
Portman
Pryce
Regula

OKLAHOMA
Coburn
Istook
Largent
Lucas
Watts

OREGON
Bunn
Cooley

PENNSYLVANIA
Clinger
English
Fox
Gekas
Goodling
Greenwood
McDade
Shuster
Walker
Weldon, Curt

UTAH
Hansen
Waldholtz

VIRGINIA
Bateman
Billey
Davis
Goodlatte
Wolf

WASHINGTON
Dunn
Hastings
Metcalf
Nethercutt
Smith
Tate
White

CALIFORNIA
Becerra
Beilenson
Brown, George
Dellums
Dixon
Dooley
Eshoo
Farr
Fazio
Filner
Harman
Lantos
Lofgren
Martinez
Matsui
Miller, George
Mineta



House Budget Committee Chairman John R. Kasich, R-Ohio, crafted a budget resolution that calls for federal spending to grow at 2.5 percent a year rather than the 4.7 percent currently projected.

SOUTH CAROLINA
Graham
Inglis
Sanford
Spence

TENNESSEE
Bryant, Ed
Duncan
Hilleary
Quillen
Wamp

TEXAS
Archer
Armey
Barton
Bonilla
Combest
DeLay
Fields, Jack
Geren
Hall, Ralph
Johnson, Sam
Laughlin
Smith, Lamar
Stockman
Thornberry

WISCONSIN
Gunderson
Klug
Neumann
Petri
Roth
Sensenbrenner

WYOMING
Cubin

Nays

ALABAMA
Bevill
Browder
Cramer
Hilliard

ARIZONA
Pastor

ARKANSAS
Lincoln
Thornton

Pelosi
Roybal-Allard
Stark
Torres
Tucker
Waters
Waxman
Woolsey

COLORADO
Schroeder
Skaggs

CONNECTICUT
DeLauro
Gejdenson
Kennelly

FLORIDA
Brown, Corrine
Deutsch
Gibbons
Hastings
Johnston
Meek
Peterson, Pete
Thurman

GEORGIA
Bishop
Lewis, John
McKinney

HAWAII
Abercrombie
Mink

ILLINOIS
Costello
Durbin
Evans
Flanagan
Gutierrez
Lipinski
Poshard
Reynolds
Rush
Yates

INDIANA
Hamilton
Jacobs
Roemer
Visclosky

KENTUCKY
Baesler
Ward

LOUISIANA
Fields, Cleo
Hayes
Jefferson

MAINE
Baldacci

MARYLAND
Cardin
Hoyer
Mfume
Wynn

MASSACHUSETTS
Frank, Barney
Kennedy, Joseph
Markey
Meehan
Moakley
Neal
Olver
Studds

MICHIGAN
Barcia
Bonior
Collins, Barbara
Conyers
Dingell
Kildee
Levin
Rivers
Stupak

MINNESOTA
Luther
Minge
Oberstar
Peterson, Collin
Sabo
Vento

MISSISSIPPI
Thompson

MISSOURI
Clay
Danner
Gephardt
McCarthy
Skelton
Volkmer

MONTANA
Williams

NEW JERSEY
Andrews
Menendez
Pallone
Payne, Donald
Torricelli

NEW MEXICO
Richardson

NEW YORK
Ackerman
Engel
Flake
Hinchey
LaFalce
Lowey
Maloney
Manton
Nadler
Owens
Rangel
Schumer
Serrano
Slaughter
Towns
Velazquez

NORTH CAROLINA
Clayton
Hefner
Rose
Watt

NORTH DAKOTA
Pomeroy

OHIO
Brown, Sherrod
Hall, Tony
Kaptur
Sawyer
Stokes
Traficant

OKLAHOMA
Brewster

OREGON
DeFazio
Furse
Wyden

PENNSYLVANIA
Borski
Coyne
Doyle
Fattah
Foglietta
Holden
Kanjorski
Klink
Mascara
McHale
Murtha

RHODE ISLAND
Kennedy, Patrick
Reed

SENATE BUDGET-RESOLUTION VOTE

Yeas

ALABAMA
Shelby

ALASKA
Murkowski
Stevens

ARIZONA
Kyl
McCain

COLORADO
Brown
Campbell

DELAWARE
Roth

FLORIDA
Mack

GEORGIA
Coverdell
Nunn

IDAHO
Craig
Kempthorne

INDIANA
Coats
Lugar

IOWA
Grassley

KANSAS
Dole
Kassebaum

KENTUCKY
McConnell

MAINE
Cohen
Snowe

MICHIGAN
Abraham

MINNESOTA
Grams

MISSISSIPPI
Cochran
Lott

MISSOURI
Ashcroft
Bond

MONTANA
Burns

NEBRASKA
Kerrey

NEW HAMPSHIRE
Gregg
Smith

NEW MEXICO
Domenici

NEW YORK
D'Amato

NORTH CAROLINA
Faircloth
Helms

OHIO
DeWine

OKLAHOMA
Inhofe
Nickles

OREGON
Hatfield
Packwood

PENNSYLVANIA
Santorum
Specter

RHODE ISLAND
Chafee

SOUTH CAROLINA
Thurmond

SOUTH DAKOTA
Pressler

TENNESSEE
Frist
Thompson

TEXAS
Gramm
Hutchison

UTAH
Bennett
Hatch



The Senate-passed budget blueprint, sponsored by Budget Committee Chairman Pete V. Domenici, R-N.M., would eliminate the federal budget deficit by 2002.

Nays

ALABAMA
Heflin

ARKANSAS
Bumpers
Pryor

CALIFORNIA
Boxer
Feinstein

CONNECTICUT
Dodd
Lieberman

DELAWARE
Biden

FLORIDA
Graham

HAWAII
Akaka
Inouye

ILLINOIS
Moseley-Braun
Simon

IOWA
Harkin

KENTUCKY
Ford

LOUISIANA
Breaux
Johnston

MARYLAND
Sarbanes

MASSACHUSETTS
Kennedy
Kerry

MICHIGAN
Levin

MINNESOTA
Wellstone

MONTANA
Baucus

NEBRASKA
Exon

NEVADA
Bryan
Reid

NEW JERSEY
Bradley
Lautenberg

NEW MEXICO
Bingaman

NEW YORK
Moynihan

NORTH DAKOTA
Conrad
Dorgan

OHIO
Glenn

RHODE ISLAND
Pell

SOUTH CAROLINA
Hollings

SOUTH DAKOTA
Daschle

VERMONT
Leahy

WASHINGTON
Murray

WEST VIRGINIA
Byrd
Rockefeller

WISCONSIN
Feingold
Kohl

Did Not Vote

MARYLAND
Mikulski

SOUTH CAROLINA
Clyburn
Spratt

SOUTH DAKOTA
Johnson, Tim

TENNESSEE
Clement
Ford
Gordon
Tanner

TEXAS
Bentsen
Bryant, John
Chapman
Coleman
De La Garza
Doggett
Edwards
Frost
Gonzalez
Green
Jackson Lee
Johnson, Eddie
Ortiz
Stenholm
Tejeda
Wilson

UTAH
Orton

VERMONT
Sanders

VIRGINIA
Boucher
Moran
Payne, Lewis
Pickett
Scott
Stisisky

WASHINGTON
Dicks
McDermott

WEST VIRGINIA
Mollohan
Rahall
Wise

WISCONSIN
Barrett, Thomas
Obey

Did Not Vote

CALIFORNIA
Berman

ILLINOIS
Collins, Cardiss

NEW YORK
McNulty

WISCONSIN
Kleczka

VIRGINIA
Warner
Robb

WASHINGTON
Gorton

WYOMING
Simpson
Thomas

CLASSIFIED ADVERTISING The Nation's Market Place

ADVERTISING SERVICES

WHOLESALE ADVERTISING WORLDWIDE
Advertising Brokers For Major Tabloids
FREE Details: 1-800-358-3342

BUSINESS OPPORTUNITIES

LET THE GOVERNMENT FINANCE your small business. Grants/loans to $500,000. Free recorded message: 707-448-0270 (MX1).

FREE 900# GUARANTEED!
1-800-775-0712 Ext. 3733 and earn $15,000 a month.

EARN MONEY AT HOME! Learn 250 ways. Real opportunities. Free details. Quest, 3741 Williams Blvd., Box C139, Dept. 14, Kenner, LA 70065.

COMPLETE MAIL ORDER Business, Fun, Easy. Free Details. Send SASE To: S&S Enterprises-(BA), 1532 Chelsey Drive, St. Louis, MO 63136.

INSTANT READY - TO - GO Mail Order Business! FREE Details. Anderson Publishing (BA), 612 S. Jasmine, Fullerton, CA 92633.

EASY $1,000 WEEKLY!
Selling CD-ROM Software.
CASHROM, 427A Southnova,
Ormond Beach, FL 32174.

900 NUMBERS CHEAP! Our Dateline, Live Psychic & Chat Lines Are Incredible Moneymakers & Only $99.00 Complete. 1-800-321-2253.

FREE REPORT REVEALS Moneymaking Opportunities That Will Help You Become Rich. Send Self Addressed Stamped Envelope: Secor, Box 18027-R, Chicago, IL 60618-9998.

NATIONAL 900 NUMBERS FOR RENT. Easy, Low Rate. Send Name, Address. For Free Details. S&S ENTERPRISES, 1532-(BA) Chelsey Drive, St. Louis, MO 63136.

MAKE MONEY AT HOME starting next week. Mailing diet, health and beauty catalogs. Free information. Call (916) 484-4156 Ext. 109 (24 hours) or write: Laura Katherine, Dept. 109, Box 9178, Auburn, CA 95604.

FINANCIAL FREEDOM!
OWN Homebased Distributorship in Wholesale Printing. Unlimited Market! GUARANTEED 30% Profit. FREE Information. ALL-N-1, 11941 Reisterstown Road, Dept. 150(M), Reisterstown, MD 21136.

BUSINESS OPPORTUNITIES

RELOCATABLE BUSINESSES
Acquire established, going businesses you can relocate to your own area. Mail order, publishing, distribution, other movable businesses that are for sale. Expand your horizons and your profits. For a free sample, detailed report on these businesses in the Relocatable Business newsletter, write Business Listing Services, Box 1248-NB, Highland Park, IL 60035. (800) 448-8567.

COMPUTERS & SOFTWARE



FREE Computer Disks
167 Business & Financial Reports
Copy and market this disk for up to $49 each. Includes copy of report entitled... "HOW TO MAKE $100,000 IN 100 DAYS." To order, send $15 one-time Registration Fee, shipping & handling.
Thompson Business Services
P.O. Box 1923,
Windermere, FL 34786-1923

FREE SOFTWARE - ($49 VALUE)
Features sources on Money-Making Opportunities, Internet Ads, 101 Free Things, Legal Forms and more. Write: JLW Publishing, PO Box 756, Upper Marlboro, MD 20773-0756. S.H. $10.00.

EMPLOYMENT

GUIDE TO HOME EMPLOYMENT
Rush $1.00 to: IAM, P.O. Box 823, New Haven, CT 06504.

A GUIDE TO Home Employment. For information rush $1.00 and SASE to: Senton Services, 400 Myrtle Avenue, Irvington, NJ 07111.

FINANCIAL SERVICES

IMAGINE! Your Dream Car FREE and Clear! Computers Too! THE "DEBT FREE SOCIETY" FREE DETAILS: BJH-(BA), 904 Keys, Boulder City, NV 89005.

FINANCIAL SERVICES

VISA / MASTERCARD
Guaranteed approval in all 50 states!
Interest rates as low as 8.5%.
Bad credit, no credit, no problem!
Name and address to:
Dyer Financial Services.
48 Parliaville Road, Suite #113, Hamilton, Bermuda HM11. Fax us. (809) 297-7034

LEGAL

SELF HELP LEGAL KITS: premarital agreement, child-support enforcement, no-fault divorce and more: send $3.00: JCMC, PO Box 40625, Indianapolis, IN 46240 for information.

MONEYMAKING OPPORTUNITIES

MONEY-MAKING BOOKS!
Brickyard Publishing
PO Box 1103(BA), Hudson, NH 03051.

EARN $1,000 A Day Three Ways!
SASE: HWP, Box 23(BA)
Marietta, MS 38856.

FREE BOOK, MONTHLY Income
You Choose - GUARANTEE
Fax 1-703-904-0005 Ext. 100.

TELECOMMUNICATIONS BUREAU NEEDS 900# Managers/Brokers. $10,000 Monthly Potential. FREE 900# Provided. Details 1-800-775-0712 Ext. 3022.

$86,000 YEARLY! INDEPENDENT Marketers Do Nothing. But Make Tiny Investments. Guaranteed: Sales Representative, 2161-A Dogwood, Grand Forks, ND 58204.

MAKE MONEY WITH Your Video Camera. True "FINANCIAL STEAMROLLER" Learn How. FREE: MARK GRIEGO, Box 7358, Chula Vista, CA 91910.

EARN BIG BUCKS This Plan Was Developed By Millionaires To Amass Huge Amounts Of Money Fast. FREE Details: Send SASE To: CRADLOWE ENTERPRISE, PO Box 367 (BA), Umatilla, OR 97882.

MAKE BIG PROFITS Wholesaling. $5,000.00 Monthly Comm., Start full-time or part-time from your home. We provide everything. USASE to: PACE MERCHANDISE, 2061 Wedgewood, Tallahassee, FL 32311.

HOW VIETNAM COMPANY DIRECTORY can make you really rich! Send for ALL-BENEFIT detail-demonstrated sample directory. All inquiries are welcomed. Limited Time. Please include a REFUNDABLE (toward full directory order) $4.00. TRAN TOURISM & TRADING CORPORATION, 9-(BA) Morris Park Lane, East Hampton, NY 11937.

$ YOUR OWN 900 #...FREE $
$10K monthly possible, call for FREE Brochure/no obligations
707-525-2824 Dept. A1

MONEYMAKING OPPORTUNITIES

FREE BUSINESS!
$100,000 potential from home, no investment. Free Details. Call 404-408-7709.

LET'S WORK TOGETHER And Make Fast Money in RIPPLE. George: 706-561-8145 Or Jennifer: 505-425-3657.

EARN $550 WEEKLY. Send self addressed stamped envelope to: Executive Total Care, PO Box 47127, Oak Park, MI 48237.

US GOVERNMENT JOBS! Insider shows you how to get one! New 6th Edition. Write: DAMAR, PO Box 2513, Fair Oaks, CA 95628.

URGENTLY NEEDED HONEST Trustworthy People Seeking Extra Income. Variety of Jobs! J & K UNITED, Box 558, Madras, OR 97741.

INCREDIBLE MONEYMAKING PLAN $50,000 in 90 days. This is for real. $3.00: Box 135(BA), Westfalls, NY 14170.

OF SPECIAL INTEREST

ADS THAT DON'T PULL
CAN LEAVE YOU BROKE!
Start now with less than $100 and MAKE LOTS OF MONEY with classified ads that work! It's easy WHEN YOU REALLY KNOW HOW. FREE INFORMATION. Send SASE to: West End Specialties, 7435 Colton Lane, Manassas, VA 22110.

ATTENTION DITTOHEAD TRAVELERS! RUSHFINDER™ RADIO DIRECTORY! No more dial twisting to find Rush! $9.95: Alpha Productions, 544 Nashville Pike, #200 (BA), Gallatin, TN 37066.

WANT FREE SILVER MONTHLY?
$5: KJV, Box 54131 (BA)
Phoenix, AZ 85078.

WWW. YOUR COMPANY .COM Internet Advertising. Reach over 100K A MONTH! As low as $20.00 (213) 293-6622 X25.

Send inquiries to:
P.O. Box 1200
Washington, D.C. 20013
Attn:
Classified Advertising
or CALL TOLL FREE
800-424-6746

U.S. Chamber MemberServices

The U.S. Chamber of Commerce offers numerous services and publications to its members. Here is a partial listing of these benefits.

How Your Members Of Congress Voted

The latest edition of the Chamber's *How They Voted* guide features senators' and representatives' votes on selected issues of importance to business in 1994, during the second session of the 103rd Congress.



Included are descriptions of the issues chosen by the Chamber in determining its vote ratings for each member of Congress and the business federation's position on those issues. Two sets of ratings are included—one based on votes cast in 1994 and one based on each senator's and representative's Chamber vote rating during his or her entire congressional tenure.

To order the guide, call 1-800-638-6582. In Maryland, call 1-800-352-1450. Request publication No. 0425. Copies are $7.50 for Chamber members and $9 for nonmembers.

Management Training

Stuart R. Levine, chief executive officer of Dale Carnegie & Associates Inc., of Garden City, N.Y., will conduct a seminar for business managers on "Responding To The Challenge of Change: Leadership Strategies For the '90s" on Sept. 12. The seminar will be downlinked via satellite from 1 to 3 p.m. Eastern time at locations nationwide.

Levine is co-author of the best-selling book *The Leader In You: How to Win Friends, Influence People, and Succeed in a Changing World.*

The seminar is the first in the fall Quality Learning Series produced by the U.S. Chamber's Quality Learning Services (QLS) Department.

These are the dates, seminar leaders, and subjects for the rest of the series:

Sept. 26—Peter Scholtes, Scholtes Seminars & Consulting, "Using Teams to Make What You Want Happen."

Oct. 3—Brian Joiner, CEO of the consulting firm Joiner Associates, "Examples in Improvement: Lessons Learned."

Oct. 10—Hyrum Smith, Franklin Quest Co., "Gaining Control: Your Keys to Freedom and Success."

Oct. 31—Garry Mathiason, a San Francisco attorney, and Chris Hatcher, professor of psychology at the University of California at San Francisco, "Violence in the Workplace." This seminar will be co-sponsored by the Society for Human Resource Management and the National Chamber Litigation Center, the Chamber's public-policy law firm.

Nov. 7—A. Roger Merrill, Covey Leadership Center, "Win-Win Stewardship."

Nov. 14—Patricia Harrison, National Women's Economic Alliance Foundation, "A Seat at the Table: An Insider's Guide for America's New Women Leaders."

Dec. 5—Joel Barker, Infinity Limited consulting firm, "Five Regions of the Future."

All the seminars will air from 1 to 3 p.m. Eastern time. To learn how you can host a downlink site or purchase taping rights, call the Chamber's Federation Programs and Services Division at 1-800-835-4730 or (202) 463-5940. A catalog describing the fall seminars in detail is also available.

Business Planning

The U.S. Chamber is offering two free seminars via satellite this summer on planning for two types of business transitions. The seminars are being produced by the Edward D. Jones & Co. investment firm and the Chamber in cooperation with *Nation's Business* magazine.

A seminar on retirement planning will air July 19, and one on succession planning will air Aug. 2. Both programs can be seen from noon to 1:30 p.m. Central time. For more information about the seminars and downlink locations, call the Chamber's Federation Programs and Services Division at 1-800-835-4730 or (202)463-5940.

Economic Journal

The Center for International Private Enterprise (CIPE), an affiliate of the U.S. Chamber, produces a quarterly journal on economic policy in newly democratized and other developing countries.

The publication, *Economic Reform Today*, which is distributed to top government policy-makers



and business and opinion leaders worldwide, can be ordered by calling (202) 463-5901.

Membership Assistance

U.S. Chamber policy experts are available to help members with answers to their questions about pending legislation. Following is a list of policy areas and the telephone numbers of the corresponding Chamber staff experts. The area code for each number is 202.

Agriculture, Food Safety, Farm Policy	463-5533
Budget	463-5620
Campaign/Election Reform	463-5604
Capital Gains	463-5620
Clean Air, Clean Water	463-5533
Education and Training	463-5525
Enterprise Zones	463-5503
Exporting	463-5460
Family and Medical Leave	463-5500
GATT/WTO	463-5460
Health Care	463-5500
Immigration	463-5517
Intellectual Property	463-5460
Labor Law	463-5517
Lobbying Reform	463-5604
Minimum Wage	463-5517
National Highway System	463-5500
OSHA Reform	463-5500
Pension Reform	463-5500
Procurement/Acquisition Reform	463-5500
Product Liability, Legal Reform	463-5500
Property Rights	463-5533
Recycling	463-5533
Regulations	463-5500
Small Business	463-5503
Superfund	463-5533
Taxes	463-5620
Telecommunications	463-5500
Trade	463-5460
Transportation	463-5500
Welfare Reform	463-5500
Wetlands	463-5533
Workers' Compensation	463-5517

New Way To Find Trade Opportunities

Information is available from the U.S. Chamber on a new electronic system that will provide firms with easy access to international—and domestic—trade and investment opportunities.

Called IBEX—International Business Exchange—the system consists of a low-cost computer software program for accessing a global network of companies. After

IBEX
Your Window on Global Business

the user enters certain data in the system, IBEX will identify foreign or domestic buyers and/or sellers of products or services, and investment opportunities.

IBEX is now being tested and will be available for subscriber use in the fall.

For more information about IBEX, call Mark Van Fleet at (202) 463-5486.